FINANCIAL TIMES

No. 28,521 PUBLISHED IN LONDON AND FRANKFURT
Wednesday July 15 1981 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 35p; MALTA 25c

NEWS SUMMARY

GENERAL

Plan to extend Ulster Council

The Government seems ready to allow Republican sympathisers to be nominated to the proposed advisory council in Northern Ireland.

It may include the Independent Irish Party—an organisation lobbying on behalf of H-block prisoners—in the list of parties asked to nominate council representatives. Page 10

Matt Devlin, aged 31, will replace Martin Hurson, on hunger strike at the Maze prison. Hurson died after 45 days without food.

Jet shot down

Israeli aircraft shot down a Syrian fighter over Lebanon hours after a U.S. diplomat left Israel following talks on limiting the use of U.S. weapons.

Pay offer rejected

The National Union of Railwaymen rejected an improved productivity-linked pay offer of 10 per cent. It issued detailed instructions for the Tube strike. Page 10

Iran ruling

Iran's Council of Guardians has disqualified 67 candidates out of 71 nominated for the presidential election—one because he is a taxi driver.

SDP support

Social Democrats have picked up increasing support in Warrington, says the Mori opinion poll on tomorrow's by-election. Page 10

Spymaster quits

CIA chief spymaster Max Hugel resigned after allegations that he engaged in improper stock market practices before joining the agency. Page 4

Uganda massacre

West German doctors said they saw 60 people massacred — including many children — by Government troops at a north-west Ugandan missionary post.

Doctor cleared

Harley Street doctor Gordon Kells was cleared at the Old Bailey of unlawfully killing a patient he was treating for warts.

Sports ban sought

The Anti-Apartheid Movement wants South Africa banned from the National Paraplegic Games at Stoke Mandeville, Bucks.

Radio go-ahead

The BBC has been given Home Office approval to build 10 more local radio stations in England bringing the total to 38.

Health campaign

A campaign fo rthe improvement and protection of women's health is to be launched by the TUC. Page 9

Embassy shooting

A gunman wounded a diplomat and security guard in the Yugoslav embassy in Brussels and then fled. Sources ascribed the attack to ethnic Albanians.

Monkey business

British explorers are searching waters off Alaska's Aleutian Islands for the Sea Monkey, a legendary creature first reported in 1741.

Briefly . . .

A 50-foot long bag of crisps is being made for a Royal Wedding day street party in Scunthorpe.

Frenchman Marc Pajot set a single-handed transatlantic sailing record of nine days, 10 hours [illegible] minutes.

World's population will stop increasing in 130 years says a United Nations publication.

BUSINESS

Sterling off 1.95c; $13 fall for gold

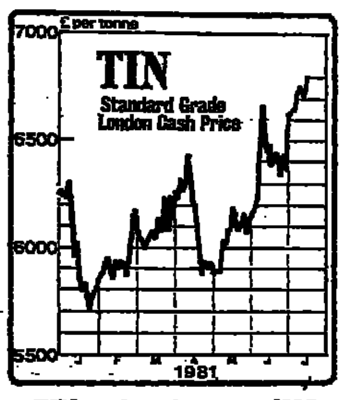
● STERLING lost 1.95 cents, finishing at $1.8625. It stayed at DM 4.56, and improved to FFr 10.81 (FFr 10.8550). Its trade-weighted index fell to 92.0 (92.9). Page 27

● DOLLAR improved to DM 2.4470 (DM 2.4225), SwFr 2.0920 (SwFr 2.0710) and Y231 (Y228.35). Its trade-weighted index rose to 111.0 (110.1). Page 27

● GOLD was $13 off at $401. Page 27

● EQUITIES lacked inspiration. The FT 30-share index was 0.2 off at 531.9. Page 30

● GILTS were unsettled by the pound's fall and fears that interest rates could be pushed higher to defend sterling. The Government Securities index lost 0.34 at 64.27. Page 30



● TIN cash price rose £115 to finish at £6,805 a tonne, Page 29

● WALL STREET was down 7.14 at 947.2 near the close. Page 28

● NORTH SEA oil operators are to slacken production as a result of low demand, maintenance requirements and reservoir problems. Back Page

● MULTIFIBRE Arrangement renewal negotiations opened with the EEC's statement of its need for an adjustment period to low-cost textile competition, while less developed countries demanded criteria to determine the effect of their exports! Back Page

● ITALY'S record trade deficit of L2,872bn (£1.3bn) for May was announced as the Prime Minister held a meeting to plan solutions to the country's economic problems. Back Page

● JAPAN promised efforts to encourage imports of manufactured goods in a bid to head off troubles over its growing trade surplus with the EEC. Page 5

● PAN AMERICAN World Airways plans to cut its services and staff by 10 per cent in an effort to restore the airline's profitability by the end of next year. Back Page

● LONRHO's Mazoe gold mine near Salisbury stopped production following a strike by the entire 800 black workforce.

● DU PONT and CONOCO shares were suspended on the New York Stock Exchange pending announcements from the companies, which had planned to merge.

● TOYOTA Motor share issue was priced to raise Y99.05bn (£232.75m), making it the largest corporate equity issue ever in Japan. Page 26

● MAGNET AND SOUTHERNS, maker of prepared joinery, doors and ancillary products, reported a drop in taxable profits, from £25.86m to £22.61m. in the year to end March. Page 20; Lex, Back Page

● HAT Group, which supplies building and maintenance specialist services and materials, increased pre-tax profits from £4m to £4.81m in the year to end-February. Page 21

● BATH AND PORTLAND, the holding company with interests in quarrying, concrete products, building and civil engineering, reported pre-tax profits up to £1.03m (£888,000) in the six months to end April. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchequer 3% 1984	£81½	+ ¼
Assoc. Brit. Eng. ...	31½	+ 3
Assoc. Newspapers	236	+ 8
Baker Perkins	88	+ 6
[illegible]	195	+ 7
Bath and Portland	60	+ 7
Bowthorpe Leslie	48	+ 4
[illegible] Union	178	+ 5
[illegible]	212	+ 10
[illegible]	46	+ 8
[illegible] Machine	132	+ 6
[illegible] Land	156	+ 6
[illegible] Castle	114	+ 8
[illegible] Doggart	108	+ 7
[illegible] Bank ...	222	+ 7
Hinton (A.)	184	+ 8
Inchcape	395	+ 13
Int. Paint	162	+ 5
Lane (Percy)	46	+ 3
Lec Refrigeration ...	198	+ 8
Mercantile House ...	973	+ 35
Reed (Austin) A ...	84	+ 7
Russell (A.)	265	+ 5
Anglo Amer. Coal	£15½	+ ½
Silvermines	95	+ 5
Tanks Con.	295	+ 13

FALLS

Treasury 11¾% 1991	£82	− ¼
Buckley's Brewery	48	− 3
Thames Inv.	214	− 10

Government to delay aid to riot areas until order restored

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT is to delay economic help for areas affected by the recent spate of rioting, including substantial additional aid for the unemployed, until order has been fully restored across the country.

The Prime Minister, giving her total support in the Commons yesterday for additional measures to protect the police, emphasised that the maintenance of law and order must now be the Government's top priority.

Mrs. Thatcher said: "This is no time for detailed analysis—we have a problem. We are not going to be able to deal in practice with the economic and social aspects of it until law is restored and seen to be restored."

It was confirmed afterwards that this means there is no question of more funds for deprived areas worst affected by the rioting being made available immediately. The Government's primary aim will be to strengthen the police.

The Prime Minister gave examples of equipment that would be made available to the police, including water cannons and CS gas, but when pressed on the use of rubber bullets she agreed that these would also be made available if requested by police chiefs.

The view of ministers, however, is that the police would have no wish to use rubber or plastic bullets, because of the danger of escalation and of antagonising public opinion.

Yesterday several chief constables watched demonstrations of water cannon and armoured vehicles at army ordinance depots in Derbyshire and Surrey. And today six senior officers go to Belfast for a briefing from the Royal Ulster Constabulary on riot control.

One of the practical effects of the delay in new urban aid and help for the unemployed will be that plans by Mr James Prior, Employment Secretary, to spend an additional £600m on job opportunities for young people will almost certainly be held up.

Mr Prior had been anxious to push his ambitious scheme through the Cabinet before the Parliamentary recess at the end of the month as a key measure to meet the problem of deprived urban areas where rioting has been most prevalent. But the Prime Minister is now moving strongly against this course.

The Treasury, which now has the backing of the Prime Minister, is pressing for delay until the main public spending review in the autumn to ensure that any job creation scheme adopted is cost effective and accompanied by savings elsewhere in the public expenditure programme.

Another option which will come before ministers tomorrow has been drafted by Professor Alan Walters, Mrs Thatcher's economic adviser. This proposes a new subsidy for companies willing to employ teenagers.

The scheme would involve exemption from National Insurance contributions by employers willing to take on school leavers at less than the usual pay scales.

In the Commons Mrs Thatcher was once again pressed to admit that unemployment was largely to blame for the recent spate of rioting and looting.

"I believe unemployment is a factor," she admitted, "but I do not believe it is the main factor. Some of the worst riots occurred in places where unemployment was very far from being the highest."

Her main theme, however, was the need to restore law and order. "It is absolutely vital to have our citizens protected and to see that the law is upheld," she declared. "We take the view that the police must have the equipment for that purpose."

Mrs Thatcher confirmed that an urgent review of the law on rioting is being conducted by Mr William Whitelaw, the Home Secretary, Sir Machiel Havers ,the Attorney General and Lord Hailsham, the Lord Chancellor. A recommendation on whether to reintroduce a Riot Act similar to the one scrapped in 1967 could be put before the Cabinet tomorrow.

Details of the Government's proposals for strengthening the police and for adopting a more aggressive stance towards rioters and looters will be put to the Commons by Mr Whitelaw in a major debate tomorrow on the civil disturbances.

Thatcher refuses statement, Page 10; Feature, Page 18

Pound remains weak on riots and oil price fears

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING remained very weak yesterday against all other major currencies, creating considerable nervousness in London financial markets.

Foreign exchange dealers said a new influence on the pound was overseas reaction to the recent riots in British cities which has undermined confidence in the Government's ability to carry out its economic policy. In addition, sterling was affected by reports of a further weakening in oil prices and by the firmness of the dollar.

The pound had fallen sharply overnight in the U.S., particularly after selling from the international monetary market in Chicago, and there was a further fall in early trading in Europe. The rate then steadied. Dealers believe any smoothing intervention by the Bank of England was on a small scale.

Sterling closed at $1.8625, nearly two cents below its previous close in London and 35 points lower than its overnight level in the U.S.

The pound showed little change against the main Continental currencies after its sharp fall on Monday. The trade-weighted index, measuring the pound's average value, finished 0.9 points down at 92.0 compared with a day's low of 91.7.

THE FALLING POUND

	Per cent change since June 30	Jan 1
AGAINST		
Dollar	−3.5	−22.1
FFr	−2.0	−0.1
D-mark	−1.5	−2.8
Yen	−1.7	−11.4
Trade-weighted index	−2.2	−9.2

There were no signs of a significant official response yesterday, in contrast to 10 days ago when the Bank pushed up very short-term interest rates to stabilise sterling. The Bank's money market operations yesterday were in the range of 12 to 12½ per cent, as in recent days.

Very short-term interest rates were firm ahead of to-day's make-up day for the banking statistics and three-month rates also rose.

The official hope is clearly that the pressures will soon ease if U.S. interest rates drop, thus avoiding an increase in clearing bank base rates.

The weakness of sterling and fears about higher UK interest rates unsettled the gilt-edged market where prices of long-dated stocks fell £¾.

Money Markets, Page 27

British Telecom decision soon

BY GUY DE JONQUIERES

THE GOVERNMENT is expected to decide this week whether to liberalise the communications industry by curtailing British Telecom's monopoly over the national transmission network and the supply of services.

The Prime Minister is due to chair a Ministerial committee which will discuss the subject before she leaves for the world economic summit in Ottawa at the weekend.

Opinion among Ministers is finely balanced between those urging immediate and radical measures to inject competition into the industry and those arguing for only modest and gradual change.

Sir Keith Joseph, the Industry Secretary, has indicated that he favours liberalisation along the lines of a report drawn up at his request by Professor Michael Beesley of the London Business School.

A similar approach has been sought in a Commons motion signed by more than 150 Conservative MPs. It demands a "relentless" reduction in British Telecom's monopoly

The numbper of signatories is unusually large and includes officials of the influential backbench Industry Committee.

But British Telecom has been waging an extensive campaign against the Beesley report's recommendations. It appears to have won considerable support in both Whitehall and Westminster.

The organisation argues that adoption of the report as it stands would provoke a massive upheaval in the structure of the industry which would damage its own financial position, impair the quality of service and lead to sharp increases in residential telephone charges.

British Telecom seems prepared to accept a limited relaxation of its monopoly to allow private competitors to operate certain types of "value added" services on its network. These might include computer time-sharing and the electronic transmission of messages between subscribers.

But it remains opposed to Professor Beesley's proposals that it be required to lease capacity on its circuits to all comers, and that private competitors be permitted to set up independent communications networks.

Lombard, Page 16

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Vauxhall to cut 2,000 more jobs

By John Griffiths

VAUXHALL plans to shed a further 2,000 jobs by the end of this year, bringing the total planned reduction in 1981 to just over 8,000.

The latest cuts would leave the company with about 21,000 employees. In the early 70's it employed about 75,000. Earlier this month it announced a net loss for 1980 of £83.3m.

Union officials, told of the plan by Mr Ferdinand Beickler, Vauxhall's chairman, at the company's Luton headquarters yesterday, described it as "unacceptable" and indicated last night that they were ready to fight it.

They have called for a further meeting with company executives on July 24.

General Motors of the U.S. is the parent company.

The 6,000 jobs already lost this year have been through early retirement and voluntary redundancy. The company said yesterday that it hoped to achieve the extra reduction voluntarily, but if this was not possible redundancies would be enforced.

The cuts involve 450 production workers, 900 "indirect production workers" and 700 clerical staff.

Vauxhall would not say how these would be apportioned between the Ellesmere Port and Luton car and van plants and the Bedford commercial vehicles subsidiary at Dunstable, Beds.

It attributed its need for the cuts mainly to a steep drop in demand for commercial vehicles in the UK and to loss of competitiveness of UK-built vehicles in markets overseas. Thus the brunt of the losses are likely to be borne by Dunstable.

Mr Beickler blamed world recession, the strength, until recently, of sterling, and inflation for Bedford's problems in particular.

The trucks company is heavily dependent on exports, with about 70 per cent of output normally going abroad. This year it expects export sales of only 25,000 units compared with 45,000 in 1980.

Mr Eric Fountain, public affairs director, described the

Continued on Back Page
Jaguar price cuts, Page 8

£ in New York

	July 13	Previous
Spot	$1.8650-8670	$1.9000-9020
1 month	1.03-1.10 pm	1.22-1.27 pm
3 months	2.36-2.41 pm	2.52-2.57 pm
12 months	5.15-5.35 pm	5.35-5.55 pm

Kania re-election bid hits snags at Polish congress

BY CHRISTOPHER BOBINSKI AND ROGER BOYES IN WARSAW

MR STANISLAW KANIA'S bid to ensure his re-election as first secretary of the Polish Communist Party on the first day of its extraordinary congress was undermined yesterday by two voting setbacks.

He hoped that the 1,964 delegates would start business with a vote on the top leadership. This would probably have guaranteed his re-election and added greatly to his influence over the congress.

Instead, a slender majority voted for an alternative motion for delegates to vote first on the composition of the new central committee, and leave the issue of who should head the Party until later.

The voting was 872 for immediate election of leaders and 925 for election of a new central committee.

At this point, however, it was discovered that more than 100 delegates were not in the hall at the time of the vote.

A rumour had been spread that a fresh delivery of cigarettes had been made to a nearby kiosk, and delegates apparently rushed out to stock up.

This led to calls for a fresh vote which would give Mr Kania's supporters another chance to have their candidate elected.

Kania supporters fear that a delayed vote on the leadership would make easier the challenge by hard-liners.

A second blow to Mr Kania came with the delegates' decision, prompted by the hard-line Katowice delegation, to discuss in full a report analysing the errors by the Party leadership in the 1970s.

Mr Kania was a member of the hierarchy throughout this period. Earlier he tried to defuse this issue by asking President Henryk Jablonski to strip Mr Edward Gierek, the former Party boss, and 11 other top leadership figures of their decorations.

The two upsets result largely from the unpredictability of the delegates' voting behaviour.

Delegates have been chosen by secret ballot and therefore cannot be relied upon to toe any particular line. Many have expressed their determination not to be manipulated by any Party faction.

But the net result of yesterday's two developments is that the hardline could gain considerable ground. The Politburo member thought most likely to benefit is Mr Stefan Olszowski.

Another hard-liner, Mr Tadeusz Grabski, who compiled an analysis of the mistakes of the 1970s, is understood to be less than satisfied with yesterday's congress proceedings.

He would have preferred to see Mr Gierek punished through established Party channels, rather than rely on a congress decision, which could well pronounce milder judgment.

Mr Kania reaffirmed the regime's acceptance of the Solidarity workers' movement and stressed that the leadership was anxious to bridge the gap between Party and workers.

But, he expressed grave concern about the growing politicisation of the independent union and so echoed fears expressed by the Soviet leadership.

He made a clear distinction between worker participation in management decisions, seen as acceptable by the Party, and workers' control.

Background, Page 2

MPs say council house sales figures are 'wrong'

BY ANDREW TAYLOR

FIGURES USED by the government to support its council house sales policy are based on false premises and unrealistic assumptions, an all-party Commons committee said yesterday.

Its report, signed by a majority of the committee including four Conservative MPs and one Labour MP, critises financial appraisals of the likely impact of council house sales as being "unduly favourable."

Two Labour MPs, Mr Frank Dobson and Mr David Winnick, voted against the report because they said that more serious criticism of Mr Michael Heseltine, the Environment Secretary, and the sales programme had been watered down under pressure from the committee's conservative members.

Dr Brian Mawhinney and Mr Malcolm Thornton, both Conservatives, also opposed the report. They said criticism of the Government's policy was not based on any firm evidence but on speculation, prejudice and political bias.

The report represents the

Continued on Back Page

EUROPEAN NEWS

MITTERRAND MOVED BY CAREFREE CELEBRATIONS

Triumph for informal Bastille Day

BY DAVID HOUSEGO IN PARIS

FRANCE CELEBRATED its first Bastille Day under the new Socialist administration with a colourful march-past down the Champs Elysee that caught the carefre, holiday mood of a country still rubbing its eyes in wonder at the magnitude of the political upheaval that has occurred over the past couple of months.

President Mitterrand took the salute at the annual military parade which commemorates the popular uprising that triggered off the French Revolution from a podium in the Place de la Concorde and looking towards the Arc de Triomphe.

Afterwards he said that he had been moved—as indeed were tens of thousands of spectators thronging the route—by the columns of French troops and armoured vehicles filing past. At his own request, the emphasis in the parade was on the infantry and conscript forces, reflecting the unity between the army and people that marked the Revolution of 1789 and which the Socialists claim as part of their ideals.

There was no attempt to use the occasion, as President Giscard d'Estaing sometimes did during his Presidency, as a showcase to display France's sophisticated new weaponry to potential buyers.

On parade was the recently developed AMX-10 RC tank, as well as mobile nuclear tactical weapons which are an important element in France's independent deterrent. But the armoured units rolled down the Champs Elysee at the rear of the procession and accounted for less than one-third of it.

> There was no attempt to use the occasion as President Giscard d'Estaing sometimes did, as a showcase to display France's sophisticated new weaponry to potential buyers.

This low profile reflects the fact that the French Socialists are still wrestling with their conscience over their ideological hostility to arms sales to Third World countries as against the economic need to make good the deficit on the trade account through arms exports.

To add to the informality of the occasion and in sharp contrast to the style of President Giscard, conscript troops, film stars, writers and journalists were among those invited to a reception at the Elysee afterwards.

Aside from the parade, Paris has been enjoying itself over the national holiday, as it does every July 14, with dancing in the streets, firework displays and a noisy clamour throughout the night of car horns and firecrackers.

For the Communists, the combination of the anniversary of the revoluton and the coming to power of the Left has provided a welcome attempt to try to recuperate some of their lost political prestige.

A pointer also of changing times was a dance organised last night by the committee for the rights of homosexuals on the banks of the Seine.

The holiday fever—the annual summer rush from Paris has already begun and will accelerate over the next fortnight—is clearly helping to sustain the Government's popularity. *In a poll published this* week in Le Quotidien, 67 per cent of those questioned expressed their confidence in the Government compared with 63 per cent a month ago.

The National Institute of Statistics in its latest survey of business opinion—taken just after the Presidential election and thus reflecting industry's gloomiest fears—foresees a 1 per cent decline in investment by companies in 1981 as against last year. This would be tantamount to a decline of more than 10 per cent in real terms.

For the Socialists, the Bastille Day anniversary is of particular importance on two counts. As M. Pierre Mauroy, the Prime Minister, made clear in his statement of policy to the National Assembly, the Socialists see themselves as inheritors of a revolutionary tradition initiated in 1789 who carried through the other popular uprisings that have marked French history.

The second aspect is that M. Mitterrand's administration is anxious to allay doubts that it will neglect the armed forces or attempt to manipulate them for partisan purposes. M. Mitterrand had strong words of praise for the army's display yesterday.

Alpha-jets of the famed "Patrouille de France" fly over the Arc de Triomphe

Moscow makes a friendly gesture to Paris

BY DAVID SATTER IN MOSCOW

THE SOVIET Press, in a gesture to the new French Government, gave unusual prominence yesterday to a message from Mr Leonid Brezhnev, the Soviet President, to M Francois Mitterrand, his French counterpart, marking the Bastille Day holiday.

The Soviet leader referred to the "substantial contribution" made by the two countries toward East-West dialogue and said that the Soviet Union was counting on co-operation with France to help promote peace, detente and disarmament.

The Soviet Union is believed to have been dismayed by the defeat in the French election of M Valery Giscard d'Estaing the former French President.

M Mitterrand has urged the West to strengthen its nuclear defences before starting arms talks with the Soviet Union and has advocated a tougher line on Afghanistan.

Apparently reflecting Soviet disquiet, Mr Brezhnev's message referred explicitly to hopes for Franco-Soviet co-operation on disarmament, although this point was not made in last year's message.

The text of the message was published on the front page of Pravda and other Soviet newspapers rather than on an inside page as in the past.

At the same time, however, the Soviet authorities yesterday declined to invite M Henri Froment-Meurice, ahe French ambassador, to make the traditional national day speech on Soviet television.

Setback to Cyprus peace hopes

NICOSIA — Mr Rauf Denktash, the Turkish Cypriot leader, has ruled out any land concessions to the Greek Cypriots, apparently dashing prospects of progress towards resolving the Cyprus problem.

"The land in the north is hardlv enough for the Turkish Cypriots to live as human beings," Turkish Cypriot Radio yesterday quoted him as saying when he was sworn in on Monday for a second term as President of the self-proclaimed Turkish Federated State of Cyprus.

The Greek Cypriots had been expecting territorial proposals from the Turiksh side by the end of this month. Reports from Athens said Mr Ilter Turkmen, the Turkish Foreign Minister, gave assurances on this to Mr *Constantine Mitsotakis, his* Greek counterpart, during a recent visit there.

Mr Spyros Kyprianou, the Cyprus President, has said that the intercommunal talks will become impossible unless the Turks produce concrete and substantive proposals on how much territory they are prepared to return.

The 40 members of the Turkish Cypriot legislative assembly elected on June 28 were also sworn in on Monday. Mr Denktash's National Unity Party, with only 18 of the seats, still has to complete coalition negotiations with the other parties.
Reuter

Mr Denktash . . .
no land concessions

Bonn economic growth 'slow'

COLOGNE — West German economic prospects are sluggish in the short term, the West German Banking Association said yesterday.

Domestic costs and purchasing power have been hit by dearer imports, while price stabilisation is proving more difficult than expected, it said in a report.
Reuter

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. *subscription rates $365.00 per annum.* Second Class postage paid at New York, N.Y., and at additional mailing centres.

Portugal's Government to unveil curbs on economy this week

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government is putting the finishing touches to measures aimed at discouraging superfluous consumption and at restraining economic growth to 2.9 per cent. Revised estimates of last year's swollen balance of payments deficit of $1.2bn forced the authorities to abandon the original 5 per cent target.

Senior government officials say the measures will be unveiled at the end of this week. No details are yet available but it is understood that the emphasis will be on stricter control of short-term credit—which ran out of hand late last year exceeding targets by $400m (£214m)—together with a stiffer tax burden and some price increases on selected consumer goods.

These moves would all be aimed at discouraging domestic consumption of non-essential items, reversing the effect of generous purchase tax cuts made only last May and bringing some relief to a trade deficit heavily burdened by oil impotrs.

Capital spending by the large public industrial and commercial sector is also likely to come under fierce scrutiny as a means of easing the import bill.

This week's measures, coming at the height of the holiday season when risks of adverse political reaction are low, follow the recent appeal by Sr Francisco Balsemao, the Prime Minister, for support for his *Government's efforts to manage* growth and avoid excesses of consumption.

Meanwhile, the crucial issue of restoring the banking, insurance, cement and fertiliser industries to the private sector will be debated today by the Council of the Revolution. This fourth attempt in a year by the ruling Democratic Alliance was approved by the National Assembly, where the Alliance has an 18-seat majority, and by *the nine-man Constitutional* Commission (by a 5-4 vote).

The Council is a body of military officers that keeps watch over the socialist 1976 constitution. There are hints that, again, it may reject the proposals, delaying urgently *needed reforms.*

Norway finds more Sleipner gas

BY FLEMING DAHL IN OSLO

STATOIL, the Norwegian state oil company, has made a "surprising" gas find in the Sleipner area of the continental shelf, according to Norway's Oil Directorate. It could prove to be a "considerable supplement" to earlier finds in the area, which has been estimated to contain about 130bn cubic metres of recoverable gas.

Several more wells will need to be drilled before the discovery can be accurately measured, but the companies involved expect to be able to present a preliminary development plan for the area early next year.

Sleipner gas will be landed in Emden, West Germany, through the planned pipeline system from the Statfjord and Heimdal fields. The latest find—which, unlike the earlier ones, does not contain large amounts of carbon dioxide—was made on Block 15/9.

Meanwhile, Mr. Per Kleppe, the Norwegian Planning Secretary, has called for more foreigners to be employed in the country's oil industry.

Uup to now, companies involved in oil activity have tried hard to follow the Government's demand that Norwegian employees should be preferred. But Mr. Kleppe blamed the shortage of skilled Norwegians for the oil industry's high wage levels

West delays on security conference

BRUSSELS — Western Governments will wait until the end of the Polish Communist Party's Congress before deciding their position on the deadlocked European security conference in Madrid, Nato officials said yesterday.

They said that the Western nations, frustrated by lack of progress at the conference, which is being held to review the Helsinki accords on detente and human rights, had considered presenting a take-it-or-leave-it ultimatum to the Soviet Union.

However, they had decided to let the 35-country meeting continue at least until the Polish congress ended in the belief that keeping the eight-month-old conference alive could help deter Soviet intervention in Poland.

It was also thought that Soviet attitudes towards the Madrid meeting, the third in a series that started in 1975, would appear clearer after the Congress which started yesterday.

The Nato officials added that Western Governments were considering proposing adjourning the conference until autumn next year. This would allow a possible improvement in the international climate with the expected resumption of U.S.-Soviet strategic arms limitation talks next year.
Reuter

Madrid looks for end to Rock deadlock

BY TOM BURNS IN MADRID

BRITAIN WILL be asked today by Spain for a gesture that will enable the Madrid Government speedily to lift its 12-year blockade of Gibraltar and begin serious negotiations to end the complex dispute over the future of the rock.

A brief meeting in Brussels on Monday between Lord Carrington, Britain's Foreign Secretary, and Sr Jose Pedro Perez Llorca, his Spanish *counterpart, officially produced* "nothing new" on the dispute. But yesterday in Madrid there were guarded hopes that a follow-up visit to London today by Sr Juan Duran, director-general for European and Atlantic affairs, could provide a breakthrough.

Senior Spanish officials in Madrid stressed that the pervading feeling in the Administration was that the blockade should be lifted as early as possible, but that there had to be a corresponding commitment from Britain over the rights of Spaniards on the rock.

They attached particular significance to a demand by Sr Perez Llorca in Brussels that Spaniards should have a status on the Rock equal to that of European Community nationals. This was a step down from a previous demand for "full reciprocity" with Gibraltarians that proved to be the undoing of last year's so-called Lisbon agreement

One official said it was now realised in Madrid that "full reciprocal rights" could not be guaranteed immediately by London but that it was hoped a solution on the lines of EEC national parity could break the deadlock. "We cannot open the border with just good words from Britain," he said.

At the centre of the apparent Spanish urgency to solve the dispute and the more flexible approach to negotiations is the issue of Spain's entry into the North Atlantic Treaty Organisation. Prime Minister Leopoldo Calvo-Sotelo's centrist Government is preparing to cross the hurdle of making a formal approach this autumn for membership of the Atlantic alliance, and progress on the *Gibraltar dispute is considered* necessary before it is made.

It was "logical," said a Spanish official, to expect that Nato would form part of the discussions on Gibraltar which Sr Duran is to hold today with Mr Julian Bullard, the deputy assistant for *European* affairs at the UK Foreign Office.

Spanish officials believe that the actual issue of the sovereignty of Gibraltar, which lies at the root of the dispute and the blockade, can conveniently be shelved for a number of years. In the meantime, Spaniards will be able to enjoy a better access to the Rock than they did before the sealing of the border in 1969, while the base can be jointly used by Spain and Britain

Regan to tour EEC in autumn

By John Wyles in Brussels

THE FIRST signs that the U.S. is beginning to take seriously European complaints about the effects of its monetary policies has come with an indication from Mr Donald Regan, the Treasury Secretary, that he will tour EEC capitals in the autumn.

Mr Regan's plans were revealed to M Gaston Thorn, president of the European Commission, during talks in Washington this week. They suggest that President Ronald Reagan will have little to offer the four European heads of government at the Ottawa summit next week beyond a plea for a patient expectation of a decline in U.S. domestic interest rates.

In the meantime, Mr Regan's mission can be presented as evidence of a serious U.S. desire in the wake of Ottawa to listen closely to the anxieties of its European allies.

These will be firmly stressed in Ottawa by Chancellor Helmut Schmidt of West Germany, President Francois Mitterrand of France, Mrs Margaret Thatcher, the British Prime Minister, and Sig Giovanni Spadelini, her Italian counterpart. If the U.S. President listens carefully, however, he will be able to detect differences of emphasis, with Herr Schmidt and Mrs Thatcher stressing their sympathy for the U.S. goal of cutting inflation.

During his talks in Washington, which included a session with President Reagan, M Thorn has allied himself more closely with the Mitterrand approach underlining the dangers for the European economies of high U.S. interest rates and a volatile dollar.

M Thorn was told apperently that the U.S. Administration does not expect domestic interest rates to remain long at current levels, presumbaly because the U.S. economy is slowing down rather than because of any intention by the Federal Reserve Board to ease its present monetary policy.

EEC governments are aware that, for the moment, they cannot expect much more from Washington but most want to go on stressing their concern in order to help President Reagan maintain pressure on Congress for a tight fiscal policy.

Lower Dutch current account surplus forecast

AMSTERDAM—The Dutch current account will show a Fl 2bn (£394m) surplus next year after being in balance this year, Amsterdam-Rotterdam bank (Amrobank) forecasts in its latest quarterly economic review.

The central planning office said last week the 1982 surplus could rise to Fl 10bn, if Government policy was unchanged from an expected Fl 3bn this year.

Amrobank said Dutch manufacturing output had stagnated after a small improvement at the start of the year, but there was a widespread feeling the low point had been passed.

● Car sales in the Netherlands fell about 12 per cent in first half of this year from about 289,000 in the same period of 1980.

The West German and French shares of the car market fell in the first six months, while the Japanese share rose.
Reuter

Polish airline workers strike at the heart of party privilege

BY ROGER BOYES IN WARSAW

WHILE THE emergency party congress tries to bandage the wounds in Polish life that have opened since the strikes of August last year, a struggle for the control of the national airline LOT has suddenly revealed the estrangement of the country's workers from the leadership of the Polish Communist Party.

In the boardrooms at LOT, the issue of workers' control is being debated with particular venom.

LOT has a particularly active union, because of the high level of education of most employees and their travel abroad. LOT activists decided to carry out the principle of workers' control that Solidarity, the free union, has been preaching after initial reservations, for the past few months.

After the established director general of LOT, traditionally nominated by the party, decided to retire, LOT employees made their move. They considered a number of worker candidates, listened to their programme for the company and then vote by secret ballot. Their eventual choice was Mr Bronislaw Klimaszewski, who had suggested in an interview that LOT among other things might update its ageing Ilyushin fleet with *Western manufactured* aircraft.

The Government was plunged into confusion. Although there were good commercial reasons for turning away from Soviet airliners—above all, the need for fuel economy—purchases in the West would stretch Poland's limited supply of hard currency or credit. But the decisive argument for the Government was political. It dared not slight the Soviet air manufacturers nor compromise national security. Control of air routes and the air fleet is an especially sensitivae issue with memories still fresh of the Soviet airlift that preceded the invasion of Czechoslovakia in 1968.

Last week LOT staged two days of token strikes—unprecedented in an Eastern European airline — and pushed forward their candidate for director general. Last Thursday, the Government replied by installing as head of LOT a General Jozef Kowalski, former commander of the Deblin military aviation academy. LOT activists are now threatening an all-out strike from July 24, which would disrupt air scheduling throughout Eastern Europe.

There the case rests. The conflict, despite its eccentricities and security elements, has hit at the cornerstone of the party's attempts to woo back the workers. Workers' control seems to embody some of the lessons learnt from similar experiments by the Yugoslavs and a move towards decentralisation undertaken by the Hungarians.

Neither Solidarity nor the party has come up with a comprehensive formula and, in some ways, the Lot workforce has jumped the gun. The form of management, for example, will clearly have to be adjusted according to whether the concern is a *state or collective* enterprise. The general idea is to push through workers' control in step with other efforts to make Polish producers more responsive to market forces.

This sounds very well when earnestly discussed at the party congress. But such schemes strike at the roots of the party's control system — the *nomenklatura* network that gives to the party the exclusive right of nominating candidates for key jobs.

The system embraces, naturally enough, all heads of *agricultural* and industrial enterprises. But the tentacles stretch much further to cover directors of museums and the chiefs of the railways, the state tourist enterprise and the national airline. At a conservative estimate, some 500 jobs, many of them in industry, are *believed* to be in the exclusive fief of the party, either the central committee or the regional branches.

Besides the natural wish to hang on to important jobs, the Communist Party has to consider the attitude of the Soviet Union. If for example, free elections were held to choose the head of the railways, this might be considered by Moscow as a fundamental ch[allenge] to the hegemony of [the] party.

By making a fairly cle[ar] distinction between party a[nd] state jobs, the party has g[one] some way towards dismantli[ng] *nomenklatura*. But the essent[ial] contradictions remain.

The attempts by the ind[e]pendent unions to develop fr[om] straightforward labour pressu[re] groups to economic manage[ment] has meant grafting such ideas [of] workers' control onto a mov[e]ment that is not fully equipp[ed] to deal with the implications. [If] a worker director runs L[OT] whose interests should he ser[ve] in the case of a conflict betwe[en,] say, the company's need f[or] higher productivity and t[he] stewardesses' wish for short[er] shifts?

The growing pains of t[he] workers' movement alm[ost] exactly mirrors the party's pa[in]ful transformation from [an] orthodox neo-Stalinist organi[sa]tion to a more-or less de[mo]cratically-elected party—thou[gh] there is little question of Po[les] actually being given a cho[ice] between parties.

It is clear that the worke[rs] will have to define their notio[n] of participation and, perha[ps] tailor their ambitions. But t[he] party, too, is going to have [to] make many more sacrifices in t[he] grey zone of privilege that [is] *nomenklatura*.

Censored article highlights political tension

BY CHRISTOPHER BOBINSKI IN WARSAW

A CLEAR indication of the tense political climate as the Polish Communist Party Congress meets has been given by the decision of the Warsaw newspaper Zycie Warszawa not to publish an article originally commissioned by it and written by Mr Stefan Bratkowski, head of the Polish Journalists' Association and a leading party liberal.

Mr Bratkowski set out a list of 25 conditions which had to be fulfilled if the congress was to be a success. First *on the list was a demand that* it should undertake a thorough examination of the causes of all the previous crises which the party had passed through since 1944, and not just over the past 10 years of the Gierek regime.

This reflects the belief of genuine reformers within the party that the roots of the Polish crisis go far beyond the distortions of the past 10 years and lie deep in the Stalinist structure imposed in the 1940s. They believe that unless the past is examined in this way it will not be possible to purge the party of its deep-rooted failings.

Mr Bratkowski also urged that the congress should condemn extremist elements in the party and not elect hardliners to the leadership. The fact that Mr Stefan Olszowski, one of the leading hardliners, is in charge of the media is believed to be the main reason why Zycie Warszawa decided to drop the Bratkowski article.

Copies of the article were distributed yesterday by Sigma, a left-wing Warsaw student group.

Mr Bratkowski also places high on his list the demand that the congress condemn those responsible for corruption in the past 10 years and publish the names of those responsible for the decision to shoot at workers in the Baltic ports in 1970.

Ironically hardliners at the congress are also expected to bring up these points to weaken the position of Mr Stanislaw Kania, the party leader. He was a member of the leadership during the 1970s and a central committee official in 1970. In past months he has been unwilling or unable to fulfil widespread demands for a full account of the 1970 crisis.

Hardline objections to Mr Kania on this issue could attract a groundswell of hostile feeling against him among delegates who on other issues would back the party leader.

Australia faces road haulage strike

By Colin Chapman in Sydney

AUSTRALIA'S road haulage industry will come to a halt on Friday when 50,000 members of the Transport Workers' Union stop work in support of a A$20 (£12) a week wage claim.

The strike is planned to last 24 hours, but union members are expected to vote at the end of the week to stay out indefinitely.

In a move last night to try to persuade the transport workers, and dozens of other unions whose industrial action is disrupting the economy, to accept moderate rises, Mr Malcolm Fraser, the Prime Minister, decided to halve a pay rise for MPs and Ministers.

The National Remuneration Tribunal has awarded MPs, senior public servants and judges a 20 per cent pay increase. This would have lifted an MP's salary from $30,000 to $36,000.

After a Cabinet meeting, the Government decided to allow the public servants and judges their increase but to force politicians to take their rises in two stages—10 per cent now and 10 per cent in July 1982.

Thereafter politicians' pay will be determined, like everyone else's, by the biannual awards of the National Arbitration Commission which provides a standard increase of something less than the rise in the cost of living.

The Prime Minister said politicians had to set an example to hold Australian inflation in single figures, and he appealed to the unions to accept modest settlements.

His move is timely because Sir John Moore, chairman of the arbitration commission calls a special conference on Friday on the future of wage determination.

It is unlikely to find an easy solution because of the pressures building up as a result of falling unemployment and a skills shortage.

Last week a survey by the Organisation for Economic Co-operation and Development predicted a growth rate of more than 5 per cent for Australia next year, but an Industry and Commerce Department paper presented to Cabinet and published in a newspaper predicts the resources boom could lift this to 7 or 8 per cent.

China trade shortfall

China's trade deficit widened sharply to Yuan 800m (£238.8m) in the first half of 1981, the same shortfall recorded for all of 1980, AP-DJ reports from Peking. Exports increased 14.9 per cent and imports rose 22.7 per cent.

Oil price cut

China has agreed to cut the price of its crude oil exports to Japan from $36.50 to $34.90 a barrel, Japanese trade officials said yesterday, Reuter reports from Tokyo.

Japan defence hint

Mr Joji Omura, Japan's top defence official, apparently responding to U.S. demands, said yesterday his country should expand its air defence system to cover sea lanes up to 1,000 nautical miles offshore, AP reports from Tokyo.

David Lennon in Tel Aviv reports on the high price exacted by the religious parties for their support

Begin asked to form coalition government for Israel

PRESIDENT Yitzhak Navon yesterday formally invited Mr Menahem Begin, to try to form a new Government. Mr Begin's Likud bloc won 48 seats in the recent general election, one seat more than the opposition Labour Party.

Mr Begin is expected to form a coalition Government, with the support of the three religious parties, which won a total of 13 seats. The coalition would hold a two-seat majority in the Knesset.

The Premier is hoping to complete the negotiations before the Knesset holds its inaugural session next Monday. To speed up the bargaining process, he warned earlier this week that, if his coalition partners prolong negotiations, he would return his mandate to the President after three weeks.

The role of religion in Israel has always been a contentious issue but never more so than now. Mr Begin must win the support of the religious parties if he is to head the next government.

The price in new, restrictive religious legislation, which the parties are demanding for their support, has led to deep disquiet in Israel and threats by U.S. Jews to cut off financial support.

Immodest dress, lewd advertising and the sale of pork, as well as Sabbath flights and entertainment, will all be outlawed if the religious parties have their way. The definition of who is a Jew will be tightened up, so that conversions by non-Orthodox rabbis will not be recognised in Israel.

The driving force behind the most extreme demands of the religious parties are the four Knesset members of the ultra-Orthodox Agudat Israel Party, which is basically non-Zionist and openly declares that it has only one loyalty, to the Bible.

Agudat Israel is ruled by a group of elderly Rabbis, who form the Council of Tora (Bible) Sages: They want life in Israel to be conducted in accordance with Biblical law. They believe it is justified to use worldly political means to achieve their holy ends.

If they had their way, Israel would resemble Iran, where the Ayatollahs and Mullahs have forced the citizens to conform in public with the strict precepts of the Koran.

F-16s decision

Mr Alexander Haig, the U.S. Secretary of State, said yesterday that a decision on whether to deliver U.S. F-16 aircraft to Israel would be made by President Ronald Reagan after he had met special representative Robert McFarlane, later this week, AP reports from New York. Mr McFarlane discussed the matter with Mr Begin in Jerusalem on Monday

Only about 25 per cent of Israelis profess themselves to be observant Jews and a far smaller percentage than that actually vote for the country's religious political parties. But, because the electoral system prevents any party from winning an absolute majority in the Knesset, the minor parties wield considerable power.

Over the years, the religious parties have traded their support for various coalition governments in exchange for legislation giving religious institutions considerable control over many aspects of daily life. The Jewish citizen in Israel is compelled to make use of certain Jewish services supplied by religious institutions, such as marriage, divorce, and burial. There is no civil marriage in Israel; divorce can be obtained only from Rabbinical courts; and funerals can be conducted only by the religious burial service.

During the four-year life of the outgoing coalition Government, new legislation was implemented severely limiting the performance of autopsies. The abortion law was amended to remove the clause permitting the termination of pregnancy on socio-economic grounds.

The disquiet which Israel's non-religious majority feels about the further encroachments on civil liberties now being proposed is mild compared with the outrage expressed by American Jewish leaders over the planned change in the conversion law.

Most observant American Jews are not Orthodox, but are members of the more modern Reform, Conservative or Progressive movements.

Mr Navon . . . invitation

Leaders of the Reform and Conservative movements have threatened "a major revolt" by American Jews and "a serious rupture of the unity of the Jewish people," if Mr Begin agrees to support change in the conversion law.

Under the current law, a Jew is defined as one "who was born of a Jewish mother, or who was converted to Judaism."

The Ultra Orthodox in Israel are demanding that the phrase, "according to Halacha (religious law)," be added to this definition.

This amendment would ensure the dominance of the Orthodox Rabbis over the more liberal Rabbis, who predominate among western Jewry and whose conversion would be outside the law under the new amendment.

This threat to force world Judaism back into the theological dark ages has led the Reform and Conservative Rabbis in America to warn the Prime Minister that, if the law is passed, funds raised among American Jews would be withheld from Government agencies and Israel would lose the support of the majority of American Jews.

The Reform and Conservative movements believe this to be a vital battle for the religious soul of Israel, which is currently ruled exclusively by the Orthodox, who have ensured that the state does not even recognise marriages performed in Israel by Reform or Conservative Rabbis.

Zimbabwe trade surplus halved

By Our Salisbury Correspondent

ZIMBABWE'S balance of payments position deteriorated sharply last year, swinging from an overall surplus on both current and capital accounts of Z$100m (£75m) in 1979 to a deficit of Z$81m (£61m), according to official figures released for the first time this week.

The main reason for this £136m swing was a sharp rise in imports and a significantly higher deficit on invisible transactions. Capital inflows were also much lower, reflecting a reduction in government borrowing abroad.

The current account deficit increased to Z$172m (£129m) with a trade surplus being halved as a result of much higher growth of imports than exports, accompanied by a 30 per cent rise in the deficit on invisible transactions.

Capital inflows were almost halved, despite a doubling of private sector borrowing abroad.

Riot arrests

Seven people have been arrested after last Friday's rioting in the northern Nigerian city of Kano, Reuter reports from Lagos. The riots caused £80m-worth of damage and started when the state governor threatened to end the reign of the local emir.

Workers return

MORE workers returned to their jobs at the Konkola division of Nchanga Consolidated Copper Mines in northern Zambia yesterday after a week long strike over food supplies, Reuter reports from Lusaka.

Sadat takes on dissident lawyers

BY ANTHONY McDERMOTT IN CAIRO

HAVING cowed or brought under control Egypt's journalists' and engineers' unions, President Anwar Sadat is currently locked in combat with the lawyers. The Cairo Press yesterday published the text of a letter the President sent to the People's Assembly, attacking the Bar Association for taking a "position counter to the principle of the sovereignty of law," and calling for an investigation into its activities.

The key to Mr Sadat's objections to the Bar Association, whose current board was elected for four years in December 1979, is that it has always objected to the peace treaty with Israel. Last March at its headquarters an Israeli flag was ceremonially burned on the first anniversary of diplomatic relations.

Mr Sadat is very sensitive to any criticism of the peace treaty, under which Israel is due to return to Egypt the last part of Sinai next April. Last month he tried to suggest that the Bar Association's board no longer had the confidence of its members. The lawyers held a one hour strike on June 30.

The most likely outcome of the battle is that Mr Sadat will get his way by obtaining a view from the People's Assembly, that the constitution of the Bar Association should be changed to obtain a more pliable board.

AP adds: The agreement on the formation of a multinational force to patrol Egyptian-Israeli borders in the Sinai will be initialled on Friday in London.

Mr Sadat . . . sensitive

Jordan imposes rules on bank investment

BY RAMI G. KHOURI IN AMMAN

THE CENTRAL Bank of Jordan has imposed compulsory investment requirements on all banks and investment companies operating in the country, in a move to "redress the lack of banks" participation in financing the development effort."

Mr Mohammad Sa'id Nabulsi, the Central Bank's governor, said in an interview that the new regulations require banks to invest 3 per cent of their total assets in Government Treasury Bills and 3.5 per cent in Government or corporate bonds.

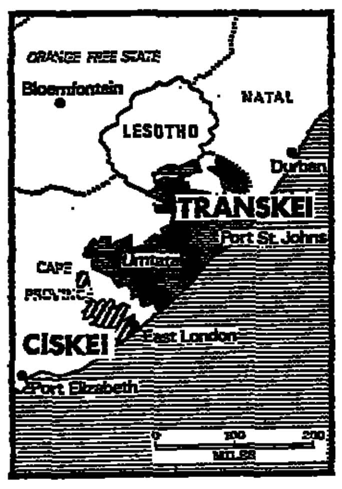
To offset the possible liquidity squeeze that the compulsory investment obligation might induce, the Central Bank has dropped the reserve requirement on current and savings accounts by 2 percentage points each.

Bankers estimate that the regulations have soaked up about Jordanian dinars 60m.

Action over Ciskei 'independence'

Homelands under court challenge

By Steven Friedman in Johannesburg



A CASE which challenges the entire process of independence being granted to South Africa's tribal homelands—the heart of the South African Government's strategy of racially separate development—resumes in Cape Town's supreme court tomorrow.

Until recently Pretoria was happily anticipating a ceremony in December which would accompany the latest unfolding of its policy—the granting of "independence" to a part of the Eastern Cape called Ciskei. Now it faces the bizarre possibility that a judgment against it could prevent the great day dawning.

The case also raises the possibility that the entire process of granting "independence" to black homelands has been illegal, because the authorities allegedly forgot to apply a minor clause in South Africa's constitution.

The "independence" process is crucial to Government policy. All blacks are assigned homelands by law, whether or not they have ever seen them. Many haven't and don't want to, the homelands are usually arid, jobless, rural areas, sometimes divided into several geographical sections.

Once their homeland receives "independence," urban blacks usually cease to be South African citizens. This removes the need ever to grant them political rights, officials arguing that they receive these in their homelands.

The theory is that eventually all homelands will be "independent," all blacks foreigners and a majority white government will finally preside in Pretoria. Three homelands are already "independent" and Ciskei is scheduled to become the fourth in December.

It is unlikely to be a thriving democracy. Chief Minister Lennox Sebe has introduced a Bill to curb the action of new opposition parties and declared himself against trade unions. His brother Charles, who runs the territory's intelligence service, has arrested about 80 trade unionists over the past year and proudly compares his service to the KGB, the Soviet secret service.

But over 90 per cent of those who voted in a recent referendum opted for independence and Pretoria hailed this as a sign of Ciskeians' desire to be free.

Their march towards freedom has been halted by the action of two Ciskeians living in another "independent" homeland, Transkei. Last month they brought an action against the entire white parliament, seeking to prevent it from passing legislation to make Ciskei "independent."

The action points to the section in South Africa's constitution which says the borders of a province may not be altered unless its provincial council asks parliament to do so.

Because this procedure has not been followed in the case of Ciskei, the entire event is unconstitutional, they argue. Neither has the procedure been followed in the case of the other three homelands.

Mr Chris Heunis, Minister of the Interior, reacted by announcing he would introduce a Bill abolishing this section of the constitution. It would be retroactive from 1961.

Mine violence ends

The President Steyn gold mine in the Orange Free State has returned to normal after a strike and riot which claimed one life and caused over R1m (£585,000) worth of damages, a spokesman for Anglo American Corporation said yesterday.

Spymaster quits but denies stock market offences

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE CIA (Central Intelligence Agency) chief of undercover operations, Mr Max Hugel, resigned yesterday only hours after newspaper allegations concerning some of his former business activities.

The Washington Post yesterday accused Mr Hugel, a former New York millionaire businessman who headed the New York wholesale company Brother International, of "a "pattern of improper or illegal stock marke practices in the mid-1970s" intended to boost the stock of the company.

The newspaper also cvlaimed that President Reagan's top White House advisers had been "astonished" when they first heard of Mr Hugel's appointment earlier this year by Mr William Casey, the CIA director general. Mr Casey is himself a former chairman of the Securities and Exchange Commission, which polices Wall Street.

Mr Hugel, who told the Washington Post on Friday that he intended "to see this thing through to its very end," was still maintaining his innocence yesterday.

The CIA statement announcing his resignation as the nation's spymaster, one of the most sensitive jobs in the Reagan administration, quoted him as saying that the Post's allegations were "unfounded and untrue."

The newspaper had backed its story with lengthy transcripts of telephone conversations with Mr Hugel, taped by two former Wall Street brokers Mr Thomas McNell and his brother Mr Samuel McNell, who admit that "they participated with Hugel in a series of prohibited practices which deceived other investors."

The post claims the tapes and documents provided by the McNells corroborate the following accusations: Hugel provided them with insider information on the company he headed in advance of disclosure to other investors and the general public. Hugel improperly funnelled funds to McNell securities, the principal firm trading in his company's stock, Brother International Corporation through loans to Samuel McNell as a middleman.

The McNell's also allege that Hugel, relying on a business associate, orchestrated the phased purchase of 15,000 shares of his company's stock to create the appearance of increased market interest, the paper said. It added that Hugel "emphatically denies any wrong doing."

U.S. accepts prospect of early Belize independence

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE U.S. Administration yesterday accepted the prospect of a rapid transition to independence for the British Central American colony of Belize as the Belizean Premier, Mr George Price, was awaited in London for urgent defence talks.

Mr Price is expected in London before the end of the month to work out arrangements for British defence of the territory following its graduation from colonial status which is planned to take place in September.

A continuing British military presence is needed because of the breakdown of talks this month between Britain, Belize and Guatemala over the future of the territory. Guatemala claims sovereignty over Belize under rights supposedly inherited from the Spanish empire.

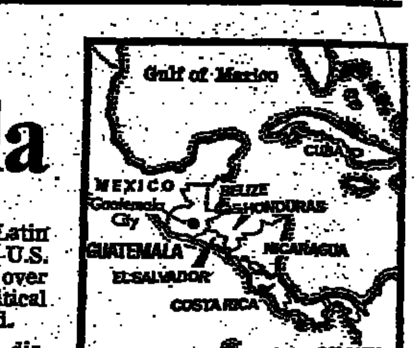
The State Department in Washington yesterday called on all parties to continue the search for a peaceful solution to the dispute. "We would do nothing to oppose Belizean independence," an official remarked.

Britain may be caught in a difficult position after Belizean independence if the Belizean Government has to call on the British garrison to repel Guatemala incursions.

Some observers fear that the military regime of General Romeo Lucas in Guatemala City, which is facing widespread domestic unrest, will be tempted to act aggressively towards a Belize whose independence it does not recognise.

William Chislett, recently in Guatemala, takes a bleak view of its prospects

An 'election in the cemeteries' for Guatemala



THE MOST popular television programme in Guatemala last week was a spectacular film showing how 200 troops and policemen stormed a safe house and killed 14 Left-wing guerrillas.

The final scene of the film, as gripping as any thriller, showed the house in a residential suburb of Guatemala City being blown to smithereens. Guatemalans are accustomed to violence, but rarely has it been brought so dramatically and vividly into their homes. Some 25 people a day are now being killed in acts of politically motivated violence. This is on a par with El Salvador. But, unlike its neighbour, Guatemala is not yet in a state of civil war.

Amnesty International has charged that the Right-wing death squads were responsible for more than 3,000 murders last year and were directed from the office of Gen. Fernando Romeo Lucas, the Guatemalan President. In such an atmosphere, the guerrillas flourish.

The violence is also taking a heavy toll of the economy and is belatedly setting off alarm bells in Washington. Last week, a new U.S. ambassador was finally appointed to Guatemala after a gap of a year.

With a population of 7m, Guatemala is the largest country in turbulent Central America. Its economy is the most diversified in the region and, until the violence intensified, the strongest. Oil has recently been discovered and the country is a large exporter of coffee, cotton and sugar as well as a favourite place for tourists.

But few people come simply to visit Guatemala these days. The long queues of taxis waiting for business outside the half-empty hotels testify to the slump in tourism.

The rest of the economy is suffering equally. This year, growth in Gross Domestic Product will further decline to about 1.5 per cent compared with 3.5 per cent last year and an average 8 per cent in the late 1970s.

Political uncertainty is causnow stand at about $350m as against $496m at the end of 1980 and $650m at the end of 1979. This is enough for only three months' imports.

The only bright spot is oil production of about 6,500 barrels a day, or over one fifth of local needs.

There can be no hope for the economy until the violence subsides. General elections have been called for next March. It is hoped that the elections—if they are freely held and open to all—may defuse the situation and prevent outright civil war. But free elections are only a pious hope.

The military regime has been in power since 1954 and a CIA-engineered coup against the reformist Arbenz Government, which was accused of being Communist.

Gen. Lucas is supported by a coalition of Right-wing parties, who hold the balance of power in a rubber-stamp congress, and by the 15,000-strong military and the landowners.

The Christian Democrats and other moderate political parties believe, they could form a coalition and foist a civilian presidential candidate onto the armed forces. He would then begin to open up the repressive political system and start a dialogue with the Left.

Gen. Lucas, however, holds the key. He has told businessmen that he does not mind a civilian candidate providing he maintains the status quo.

The violence has left Guatemala without a political centre. In the name of fighting communism, all opposition is being persecuted.

"My friends keep telling me to leave the country and live in peace," said a Christian Democrat, 80 of whose colleagues have been shot in the past 18 months.

On the extreme Right, the former Vice-President, Mr Mario Sandoval Alarcon, who heads the National Liberation Movement, is feverishly whipping up anti-Communist support. A presidential candidate, Sandoval has a clear view of the future: "There is only one solution — military," he said.

On the extreme left, the guerrillas are moving into the capital as the raid on the safe house—used as an explosives factory—showed.

As in so many other Latin American countries, the U.S. has a decisive role to play over whether a military or political solution should be followed.

Last month, Washington discreetly supplied Guatemala with 50 trucks and 100 jeeps—the first military aid since 1977, when the Carter Administration imposed a ban on military sales to Guatemala on human rights grounds. But since the Congress is democratically controlled, the Reagan Administration will find it much more difficult to supply actual weaponry except in return for political concessions by the Guatemala military. Washington has let it be known that it wants a civilian president.

Gen Vernon Walters, a former deputy head of the CIA, visited Guatemala in May on behalf of the State Department. His message, as paraphrased by a U.S. official, was "clean up a little and we can help you."

Many moderate politicians are afraid that the Reagan Administration, which is more warmly viewed in Guatemala, is just seeking a "facelift" and that military aid would ignite a civil war.

For the root cause of the social strife is the tremendous disparity of wealth and not "outside subversion." No firm evidence has come to light that Cuba is significantly aiding the guerrillas.

The top 2 per cent of the population is estimated to enjoy some 25 per cent of national income while the lower 50 per cent—all Indian—receives only 10-15 per cent.

It is significant that the passive, stoical Indians are increasingly joining the ranks of the guerrillas.

On the present showing, as a prominent Christian Democrat put it: "The elections will be held in the cemeteries."

Petrol price battle in New York

By David Lascelles in New York

A STORM has erupted in New York over petrol prices after the passage of a $800m (£426m) tax package by the state legislature last week to bail out the city's decrepit transport system.

The package included two new taxes on oil company operations which the companies had the option of absorbing or passing on to consumers. While it was hoped they would choose the first course, the purpose of the tax was to raise the cost of non-public transport.

Mobil, the U.S.'s second largest oil company and the state's largest petrol retailer, responded to the taxes on Monday by raising the price of its petrol by 3 cents a gallon. The average cost of a gallon is $1.50.

This drew a sharp comment from the mayor, Mr Ed Koch, who urged motorists to buy from non-Mobil filling stations. "It's called competition," he said. "We hope competition will keep the prices down."

In Albany, the state capital, politicians called Mobil's action a vengeful political response which would only hurt Mobil retailers. But the company is sticking to its guns. It warned the legislature during last week's debate that the proposed taxes were "prohibitive." The company hinted that it might move its headquarters out of the city with the loss of thousands of jobs.

Haig promises realistic approach to arms control

NEW YORK—The Regan Administration will follow a serious and realistic approach to arms control with the Soviet Union while continuing to strengthen its military might, Mr Alexander Haig, the Secretary of State said yesterday.

"It is one of the paradoxes of our time that the prospects for arms control depend upon the achievement of a balance of arms," Mr Haig said in a speech to the Foreign Policy Association. In New York. We seek to negotiate a balance of less dangerous levels, but meanwhile we must maintain our strength."

Unveiling the Administration policy on arms control for the first time, Mr Haig said the Administration was pursuing a broad agenda of specific arms control efforts. "The charge that we are not interested in arms control or that we have cut off communications with the Soviets on these issues is simply not true."

Mr Haig said the U.S. hoped to begin formal negotiations with the Soviet Union by mid-November on ways of controlling deployment of medium-range nuclear missiles in Europe.

He did not disclose a timetable for resuming over-all strategic arms limitation talks on an agreement to replace the now-discarded Salt 2 treaty negotiated by former President Carter. But he said the Administration was at work on serious and pressing questions which must be answered to ensure the progress of Salt in the 1980s and beyond.

Among them, he said, were monitoring capabilities to verify arms control agreements, the weapons systems to be covered and how to make comparisons between the diverse U.S. and Soviet military arsenals for control purposes.

"We are determined to solve these problems and to do everything necessary to arrive at balanced reductions in the strategic arsenals of both sides."

In a television interview earlier, Mr Haig sail European resistance to improving nuclear forces of the North Atlantic Treaty Organisation would not alter U.S. willingness to enter talks with the Soviet Union aimed at reducing medium-range missile deployments.

He was referring to the reluctance of Belgium and the Netherlands to accept new Nato missiles under a 1979 decision to modernise the alliance's arsenal while seeking an arms limitation pact with Moscow. Mr Haig said the alliance has an "essential consensus" for new Nato missile deployments in Italy, West Germany and Britain.

"We would like very much to have the Netherlands and Belgium join in that consensus, and I'm optimistic that over the time they will do so."
Agencies

Brazil approaches $18bn foreign borrowing target

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL raised $800m (£429m) in foreign loans in the first week of July, accelerating the rate at which foreign currency has been flowing into the country.

Brazil now expects to reach its foreign borrowing target for 1981 by September.

Western bankers are eager to take advantage of the present high rates of interest and fees on Brazilian loans before their expected fall. According to Sr Costa Cavalcanti, the head of the giant Itaipu dam project, offers for its recent $300m borrowing were over-subscribed by $100m.

For several weeks the Brazilian authorities have been encouraging speculation that they would like to see a modest decrease in their borrowing rates in the near future. This would also allow a relaxation of the present tight domestic fiscal controls.

As of a week ago Brazil had raised about US$10.8bn on the international money market, out of an estimated goal of $17bn-$18bn.

A key element in the overall foreign borrowing requirement is the trade deficit, which is now expected to be about $1.46bn for the whole of this year, as against $4.23bn in 1980.

Tighter restrictions have cut back sharply the rate at which imports had been soaring in recent years. In the first four months of 1981 imports were up only 1.2 per cent.

Exports had also been suffering from the government-induced recession which Brazil is undergoing this year. They are currently running at an annual level of $21.6bn, well below the official target of $26bn set at the start of the year.

AP-DJ reports from Sao Paulo: Workers at one of the three factories belonging to the Ford Motor Company's Brazilian subsidiary went on strike again yesterday.

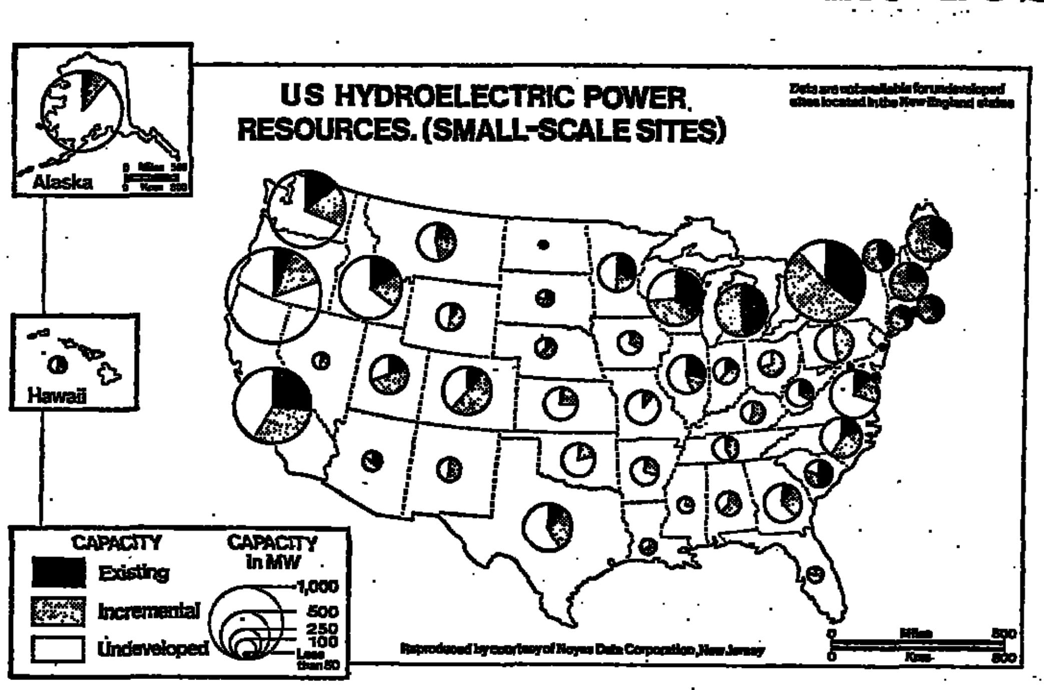
They returned to work on Monday in the face of legal action by the company to have the strike—by 9,000 employees—declared illegal.

A union organiser said workers went back on Monday to show they were willing to make concessions to help negotiations, "but we didn't get what we wanted."

Energy Review: Small U.S. hydro-power development

By Fabian Acker

Unease about who makes the profit



Marion Sedger

A 7,460-Watt turbine made by Ossberger of West Germany, installed in a small U.S. hydro-electric plant

AS FAR as hydro power is concerned "America is in the cellar," Commissioner Georgina Sheldon of the Federal Energy Regulatory Commission in June told a conference in Washington. "By 1984," she said, "Quebec's hydro will light 12 per cent of New York City," a reference to Canada's rapid development of its own hydro power, in contrast with America's slow growth.

Many Americans would argue that the country's hydro resources have already been over-developed: environmental effects of damming rivers have already caused problems to wildlife, groundwater levels, and silt abstraction. But delegates to the Waterpower 81 conference agreed with Ms Sheldon at least as far as the need to exploit the country's rivers more assiduously was concerned.

America's generating utilities are a mixture of private, municipal, Federal and hybrid enterprises. They are not centralised, as is, say, Britain's Central Electricity Generating Board, and their pricing and investment policies often represent local market conditions rather than national ones. Like any other profit-making enterprises, they need to supply their product (in this case electricity) at the lowest possible cost, and sell it at as high a price as the market can stand. In theory they are in competition with each other, but in practice the only way a consumer can change his supplier is by moving to another area.

Their need to make a profit has perhaps delayed the development of hydro power, although it has certainly not stifled it. Grand Coulee (Washington) is the largest hydro station in the world at 7,460 Mw, and an eventual capacity of 10,830 Mw. Bonneville will be generating 1,068 Mw by next year. But the rate of exploitation is slowing down.

The reason is mainly that the best sites have already been used and each successive project is a little more expensive and difficult to commission than its predecessor. Hydro stations are ideally fed by high dams built in narrow gorges and founded on solid waterproof rock; they should also be close to load centres to avoid long transmission lines. Most of these locations were taken up many years ago and each new development involves an engineering or economic choice dictated by what is available rather than what is desirable.

Another reason for the slowing down of development is simply that big stations can produce electricity at a lower unit price; comparing the largest with the smallest might give a 3:1 cost ratio. Building below a certain size involves the utility owner in a heavy capital investment, the return of which may be less than investment in a nuclear or oil-fired plant. But it is these remaining (and smaller) sites that between them could provide 11 to 13 per cent of America's electricity and could replace either its nuclear or fossil-fuelled stations.

A recent survey by the U.S. Corps of Engineers found 2,100 potential sites—1,400 dams which either had no hydro-power plant attached or else hydro generators too small for the job—and 700 totally undeveloped prospects. The Corps may have overlooked apparently unprofitable sites, although private owners and users can operate on a much lower profit level than a commercial body.

The question is, who will develop these sites?

The most important piece of legislation that bears on the problem is the Public Utilities Regulatory Policies Act (1978) known by the unlovely acronym of Purpa. Among its provisions is a requirement for electricity generating utilities to buy electricity from the owners or operators of small power plants. As a result it suddenly became much more desirable to develop hydro even at rather poor sites.

Whereas gentlemen farmers or well-heeled eco-freaks have often gone in for hydro on their own properties, not because it's cheap but because it's clean and under their control, others whose enterprises depend on strict profit and loss accounting have opted for the cheaper utility supply. But when the Act was passed it seemed that both good works and profits had been united—an almost irresistible combination.

Another section of the Act adds a further layer of jam to the cake. Utilities are directed to buy the electricity at the "least avoidable" cost. This means that, if by using electricity from a hydro plant, the utility can reduce its output from an oil-fired plant, it has to buy the electricity at a unit cost equal to that saved by not using oil. In effect the operator may be paid a price for his electricity as if he had used oil to generate it rather than water.

A further provision directs the utility to allow the smaller plant to rent its transmission lines at a reasonable price to transfer electricity to another authority if the local one has no need for extra power. A further incentive, if any be needed, is a 21 per cent investment tax credit on developing hydro plants.

The result of the Act was far better than Congress had anticipated. Too good in fact. Applications for study permits to the Federal Energy Regulatory Commission, which licences all generating plant, jumped from 18 four years ago to 800 after the Act was passed, and will be in the region of 1,600 by September this year. There are strong suspicions that someone is out to make a fast buck.

The procedure is as follows. Anyone who sees a likely site for a hydro plant—even an existing dam that is used for other purposes and could have a hydro power plant incorporated—applies to the Commission for a permit to study the prospect. If his application is accepted the developer may then draw up detailed financial and technical plans, or conversely he may drop the idea altogether. But if he persists, he may apply subsequently for a licence to develop the plant. He may be an honest businessman out to make a legitimate profit. He may be a small farmer intent on capitalising on his assets. On the other hand he may be a property dealer, with no thought of technical or ecological niceties, but out to make money perhaps by selling his licence or his option to the highest bidder.

It makes no difference to the Commission as far as a study permit is concerned. It's first come, first served, unless the applicant is a municipal enterprise, that is, publically owned. Then it has first preference. But there have been a very high number of study applications from joint bodies, partly municipal and partly private. Some of these may be attempts by the municipal authority to lend its preference rights to individual developers who would then knock out other entrepreneurs, regardless of their respective merits.

Senator Frank Murkowski (Alaska) who is chairman of the Senate Sub-Committee on Water and Power, summed it up in his questions to the conference. "How many applications are (made) by those who would profit by the application itself, and not by the development of the resource? How many are (made) by those who would profit by the study alone? And, in turn, how many are simply staking a claim, hoping to barter away their place in line without the least intent of developing a site—producers of paper rather than power?"

The debate in the U.S. has some relevance to the small hydro resources in Britain. No one pretends that their development could make a major impact on Britain's energy problems. Nevertheless they could make an important contribution, particularly in the winter when streams are in flood, and demand is at its highest. Yet exploitation is inhibited because there is no requirement for the CEGB to buy electricity from private developers. In fact, using hydropower, even for private consumption, is discouraged.

As the study permits run out in the U.S., which will be within the next 18 months, Americans will have to take the next major step in exploiting their hydro. Development licences will be given out; and then it will be seen whether the paper can be turned into power.

Fabian Acker is Editor of International Water Power and Dam Construction.

Japan promises to encourage imports of manufactured goods

BY RICHARD C. HANSON IN TOKYO

MR ROKUSUKE TANAKA, Japan's Minister for International Trade and Industry, in a bid to head off further trouble over his country's growing trade surplus with the European Community, yesterday pledged his "utmost efforts" to encourage imports of manufactured goods.

His statement, read to the Cabinet, coincides with the disclosure this week that Japan's trade surplus with the Community on a customs clearance basis, soared by more than 50 per cent over that of the first half of 1980 to a record *$5.4bn* (£2.8bn).

Mr Tanaka, who promised to do something about the trade problem during a recent tour of Europe, said he would meet with leading trading houses, department and chain store executives this week to urge the promotion of manufactured imports.

Miti has also backed a business mission to Europe, and sponsored a Community fair this autumn to help promote imports.

Japan's low level of manufactured goods in overall imports (about 23 per cent of the total) has long been a source of irritation in trade relations with the Community and the U.S. Japan attributes this to a high dependence on imported raw materials, especially oil, rather than to any barriers against foreign manufacturers.

Mr Tanaka reiterated the Japanese view that greater efforts on the part of foreign exporters would be "fundamental" in expanding manufactured goods trade. Japan "intends to fully support these efforts," he said.

At a briefing for foreign reporters, a high ranking Miti official said the Government had no specific programme in mind aimed at promoting imports. In past attempts to correct trade imbalances with the West, Japan has devised such things as "emergency" import schemes.

Mr Kazuo Wakasugi, appointed recently as director general of Miti's International Trade Policy Bureau, said his Ministry instead wants to promote a "spiritual revolution" in Japanese attitudes toward foreign manufactured products, and imported foodstuffs.

Others in Miti, however, cautioned against expectations of rapid change in the pattern of Japan's imports, because of "structural" features of the economy which tend to favour local products over imports.

One sign of entrenched attitudes towards foreign foodstuffs came when a reporter asked Mr Takao Kameoka, the Agriculture Minister, after yesterday's Cabinet session, what he intends to do about import promotion.

"Nothing," was the curt reply.

John Wyles adds from Brussels: European Commission officials yesterday welcomed Mr Tanaka's declaration, although some were curious as to why it was couched as a personal appeal rather than an overtly collective statement by the Japanese Government.

The timing of the move is regarded as significant since it should enable Mr Zenko Suzuki, Japan's Premier, to cite the declaration as evidence of Japanese good intentions during discussions at the economic summit in Ottawa next week.

The EEC will not be content, however, until there are clear signs of a change in its trade balance with Japan. Japanese officials are confidently forecasting a fall in the rate of growth of exports to the EEC from the 46 per cent increase recorded in the first four months of this year.

In the meantime, the Europeans will keep up the pressure for a moderation in Japanese exports and for a significant improvement in the rate of their sales to Japan.

Mr Tanaka . . . a statement to Cabinet

Response poor for mission from UK

By David Dodwell

BRITISH companies do not seem to be greatly impressed by Japan's assurances to encourage imports from Europe, if the response to the London Chamber of Commerce's proposed trade mission to Japan is anything to go by.

The London Chamber, planning a mission to Japan in November, has so far managed to attract just seven companies.

Mrs Diane Wright, who is organising the mission, said yesterday: "This is the first *time ever that* I haven't got the numbers up." There must be at least 17—and up to 20—companies involved if the mission is to go ahead.

The first call for participants went out in May. A special mailing was arranged last week, and the final guillotine does not fall until August 17.

Mr Derek Gorton, managing director of Barclay's Bank, Pall Mall, and head of the London Chamber's Japan section, attributed the response to the recession.

"In the past, members have been very keen to join the mission," he said. "But at the moment, people are clearly trying to keep expenses to a minimum."

BILATERAL RESTRICTIONS TO BE TIGHTENED

Gatt steps into Australia-EEC trade row

BY BRIJ KHINDARIA IN GENEVA

THE TRADE ROW between Australia and the EEC has moved nearer boiling point following the disclosure that each party is intensifying bilateral trade restrictions.

The main dispute settlement forum of the General Agreement on Tariffs and Trade (Gatt) today will review the growing list of disputes that has soured relations between Australia and the EEC recently.

In the most recent of these, the EEC has written to Gatt complaining about import restrictions placed by Australia on a range of high quality imports from EEC countries.

To justify the curbs, Australia has used article 19 of Gatt, which allows import cuts as emergency safeguard measures to protect domestic manufacturers from being hurt by imports. The Community told Gatt formally that it will take retaliatory measures to compensate for the Australian saftguards.

The main imports affected by the safeguard action are cars, shoes and forklift trucks. Although the total value of trade affected is estimated at only $30m, the Community is upset because the measures will be in place for several years and there is no sign of them being lifted in the near future.

Since the items are exported to Austraila in low volumes and are of high quality, the Community says it cannot see how they cause harm to domestic Australian producers.

Both Australia and the Community have written to Gatt saying that consultations between them have failed to resolve their differences. The Community said the safeguards have been intensified recently and that consultations showed that Australia intended to maintain them.

In retaliation, the Community intends to place a temporary surcharge on imports from Australia only. The surcharge will be applied for some time and is geared to have an impact on Australian exports that will be substantially equal to the impact of the Australian measures on EEC goods.

Among the products likely to be affected by the surcharge include railway sleepers, precious and semi-precious stones, clothes washing and dry-cleaning machinery, textile articles and medical and dental instruments.

Under Gatt rules, the Community cannot place a surcharge on imports from only one country except as a retaliatory measure to counter safeguard action which is not satisfactorily explained by a trading partner.

Australia may complain to Gatt's council—the agreement's highest dispute settlement forum—today and seek investigation by a council panel of the justification for the Community's retaliation.

The Community's decision also reflects its general displeasure with Australia's repeated complaints to the council about EEC food exports. Australia has tabled a new complaint, which will be discussed today, against alleged subsidisation by the Community of canned fruit exports.

Australia wrote to Gatt on July 1 saying that subsidised canned fruit protection in the Community nullifies or impairs some of the trade benefits accruing to Australia through Gatt membership. It is complaining particularly about Community exports of canned pears, peaches, apricots and mixed fruit.

Australia has been battling with the Community for several years in Gatt to obtain changes in the policy of cash reimbursements, especially for EEC sugar exports.

A Gatt inquiry panel last year supported Australia's case and asked the Community to say how it intends to alter that policy.

The policy conflicts with Gatt rules which ban use of export subsidies that harm the export interests of other countries. The Community has not yet taken any action.

Finnish state oil concern seeks cut in Soviet gas price

BY OUR HELSINKI CORRESPONDENT

NESTE, the Finnish state oil company, is seeking a reduction in the price of Soviet natural gas which is more expensive than coal and crude oil. Negotiations on a reduced price will start "in a matter of weeks," Neste said yesterday.

According to the long-term trade agreement, Finland could buy 1.4bn cu metres of natural gas from the Soviet Union annually. The quota was set when the pipeline to eastern Finland was inaugurated in 1974.

But the target has never been reached. Instead natural gas consumption has been falling for the last two years.

The peak was reached in 1979 when Finland bought 993m cu metres of natural gas at a cost of FM 268m (£31m). Last year natural gas imports went down to 925m cu metre, but the bill soared to FM 490m.

As a result a number of industries in Eastern Finland have given up nuatural gas, switching to coal and domestic sources of energy, and natural gas consumption this year is estimated to drop even below 900m cu metres.

"The price is a trade secret, but the general price level can easily be calculated from the customs statistics," Neste spokesman said.

"The rapid increase of the price has been due to the fact that natural gas has been partly bound to the price of oil and partly to the U.S. dollar," Neste said.

At the same time, Neste is negotiating with Swedegas of Sweden to extend the Soviet natural gas pipeline over to Sweden across the Gulf of Finland, while Swedegas is holding negotiations with the Soviets on the price and quantity.

Malaysia oil contracts awarded

By Wong Sulong in Kula Lumpur

TWO JAPANESE companies, JGC Corporation and C. Itoh, have won a contract to build a small, 30,000 barrels per day oil refinery for Petronas, Malaysia's state-owned oil company.

The contract, valued at approximately $87m, is for the design, procurement and construction services for the refinery, which would be built at Kerteh in the east coast state of Trengganu. It is expected to be ready by 1983 and would refine oil produced off Trengganu.

The refinery will also have an atmospheric distillation unit, LPG recovery unit, storage tanks and offices and utility facilities including shipping berths.

The Kerteh plant is the first of two refineries planned by Petronas for the 1980's. A second, a bigger refinery, capable of processing 165,000 barrels a day, is to be built in Malacca state in the mid-1980's.

Currently, there are two oil refineries in Malaysia, both at Port Dickson, and operated by Shell Berhad, and Esso Berhad. These two refineries processed about 100,000 barrels of oil daily last year.

Emilia Tagaza adds from Manila: Mitsui of Japan has won a $244m turnkey contract from the state-owned National Power Corporation (NPO) for the construction of a coal-fired thermal plant, the Philippines' second coal power plant.

British Steel wins $28m S. Korea deal

By Ann Charters in Seoul

BRITISH STEEL Corporation has won another contract to supply steel for South Korea's metro subway systems. A $28m (£14.7m) contract just signed with the Seoul City government will be used to purchase 20,400 tonnes of structural steel from BSC and 15,600 tonnes of deckplate from Incheon Iron and Steel, a Korean company.

The steel, to be used for the construction of lines three and four of the Seoul subway, will be purchased with loans arranged by a group of British banks to the Seoul City government. A $12.5m loan to purchase the deck plate was priced at ⅜ per cent over the London Interbank Offered Rate (Libor) at a tenure of 8½ years with a three-year grace period.

The balance of the value of the contract for the purchase of BSC steel is for a loan and refinancing with the guarantee of the Export Credits Guarantee Department of the UK. The loan portion, $8.5m, is at the fixed rate of 7½ per cent for a tenure of five years.

The banks participating in the loans are Barclays Bank International, Chemical Bank of London, Grindlays Bank London, Grindlays Asia, Midland Bank, International Westminster Bank and Standard Chartered Bank. The agent bank for the loans is Lazard Brothers of London who was represented in the negotiations by their associate, the Korea Merchant Banking Corporation.

World tonnage on order reaches $3\frac{1}{2}$-year high

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE AMOUNT of tonnage on order at world shipyards edged up further during the past three months to the highest level for 3½ years, according to figures just published.

Tanker tonnage on order was down slightly, but this was more than offset by a higher tonnage for other types of vessel, says The Motor Ship magazine.

At 52.4m deadweight tons, the world order book compared with 51.7m dwt in April and 47.8m dwt at the start of this year. Japan accounted for just over 40 per cent of the total followed by South Korea with over 8 per cent.

Indicating shipowners' desire for more fuel economy and efficiency, the engine power represented by the world order book was down to a total 18.9m horsepower at July 1 from 20.1m three months previously.

Non-tanker orders amounted to 35.2m dwt on July 1, a rise of 2.4m dwt on April, with Motor Ship pointing to continued interest in bulk carriers, most new orders going to Japan, Korea and Taiwan.

Taiwan, which has received many new orders for domestically-owned tonnage, now ranks fifth among world shipbuilding nations, up from 10th place in January.

It had nearly 960,000 dwt of tanker orders on July 1, second to Japan which is building 7.2m dwt of this type of ship out of total world orders of 17.2m dwt (18.9m dwt in April).

UK NEWS

Disputes likely over Gulf shipping reinsurance

BY JOHN MOORE

A SERIES of complex reinsurance disputes is likely to arise in the Lloyd's of London insurance market and among reinsurance companies over the settlement of reinsurance claims on ships damaged in the Iran-Iraq hostilities.

Total insurance claims arising from damage to shipping during the conflict could be as high as $252m (£135m), though the claims will fall on a number of markets.

Lloyd's underwriters and insurance companies are alarmed at the implications of a recent opinion by the Joint Excess of Loss Liaison panel, an unofficial body composed of Lloyd's underwriters and representatives from the company market.

The panel argued that each excess of loss reinsurance claim on insurances of ships which sailed to the Gulf area during the Iran-Iraq hostilities should be assessed as a "single occurrence." Claims should not be paid out on a global or collective assessment, says the panel.

If the opinion is adopted widely by excess of loss reinsurers the end result, according to one leading marine underwriters, is that "underwriters will not be able to collect as much as they thought they would from reinsurancs." It could be the source of future disputes.

Many Lloyd's underwriters reinsured extensively on the shipping business which they insured in the Gulf area, and some are heavily reliant on recovering under those reinsurances to make a profit on the business.

Last week the Hellenic Mutual War Risks Association (Bermuda) paid out $36m to owners of ten ships among the 70 or so trapped in the Shatt Al Arab waterway. The Hellenic Mutual collected $29.5m from Lloyd's of London underwriters on reinsurance arranged on the business.

The claims coming into Lloyd's and other insurance companies are claims on the loss of hulls and machinery damaged during the hostilities.

Already there are signs that underwriters are taking a tough tough line on some claim settlements and are examing the validity of each claim carefully.

Companies oppose Lloyd's Bill

BY JOHN MOORE

A WIDE-RANGING campaign against the Lloyd's Bill for improving self-regulation in the insurance market is planned by representatives of major companies operating in Lloyd's.

Even if the Lloyd's Bill survives a parliamentary committee next week its chances of success are now becoming remote.

Representatives of major Lloyd's broking groups and underwriting agencies have formed an action group to oppose the Bill.

The group is headed by Mr Ronald Comery, a director of Alexander Howden Group, the financial holding company with large Lloyd's broking, underwriting and other insurance interests; Mr Frank Holland, chairman of C. E. Heath; Mr John Wallrock, chairman of Minet Holdings; Mr H. R. Rokeby Johnson of R. W. Sturge and Co.; Mr Colin Murray of R. J. Kiln and Co.; Sir Frederic Bolton of Bolton Ingham Agency and Mr Terence Hayday of Holmes Hayday (Underwriting Agencies).

Mr Comery last week described the Bill as "a mess." His group plans to oppose a parliamentary requirement that brokers divest themselves of their underwriting interests.

The action group might challenge the additional provision requiring divestment at the standing order stage, when arguments for or against its further passage in the Commons could be heard.

A Parliamentary petition or series of petitions might then be lodged to block its further passage in the Commons and fresh petitions might be launched in the House of Lords if all else fails.

Tax rebates on private school fees urged

TAX REBATES for people who send their children to private fee-paying schools were urged yesterday by the Adam Smith Institute, a small Westminster-based Anglo-American foundation

Rebates of £350 for every secondary school child and £200 for each primary school child would be aimed at encouraging people to opt out of state education into the fee-paying sector.

The institute, in a report claims that encouraging more people to opt out of state education into the private sector will result in a net gain to public funds.

It claims that, although private school fees appear higher on average than state school costs, when costs of buildings and the higher proportion of sixth-formers in private schools is taken into account, a state school place becomes dearer.

MP condemns move

BY JOHN MOORE

SIR NICHOLAS BONSOR, Conservative MP for Nantwich and an underwriting member of Lloyd's of London, yesterday attacked a decision by Mr Stephen Merrett, and the underwriting managing agency group which he runs, to exclude over 200 members of Lloyd's from underwriting business on the Merrett syndicates.

"I condemn the action," he said, "and am profoundly dissatisfied with the reasons given for the descision."

Sir Nicholas Bonsor is one of the members of Lloyd's affected by the decision. Mr Stephen Merrett, chairman of Merrett Syndicates, has given notice to two underwriting agents, R F Kershaw and Grays Inn (Underwriting Agency) telling them they must withdraw members they have introduced to the Merrett syndicates.

Syndicates are the units into which the nearly 20,000 members of Lloyd's are grouped and through which their underwriting is conducted.

Sir Nicholas Bonsor, whose underwriting affairs are looked after by the R. F. Kershaw agency at Lloyd's, said affairs of members of the Kershaw agency "have always been looked after extremely well."

Sir Nicholas does not plan to take further action on the matter but said the move has been taken at an "unfortunate" time while the Lloyd's Bill was before Parliament and all aspects of the Lloyd's market was under consideration.

Earlier this week, Mr Merrett declined to describe the specific reasons for the surprise move, which has caused controversy and speculation in the Lloyd's market.

Meanwhile, the Kershaw agency is placing the members ejected from the Merrett syndicates onto other syndicates with a good reputation in Lloyd's.

Personal check urged on National Insurance

By Gareth Griffiths

THE DEPARTMENT of Health and Social Security computer check to make sure that people pay the right sort of national insurance contributions should be abolished and contributors asked to check their payments themselves.

The proposal is part of a package recommended by Sir Derek Rayner, Mrs. Thatcher's adviser on efficiency, who reported on the recording and checking of national insurance contributions to the department's ministers in March.

His report was published yesterday and, if its 82 recommendations were implemented, it would result in a saving of £14m a year as well as 1,670 Civil Service posts. Half the staff cuts would result from the abolition of the compatability check.

The Rayner report suggests that people should check the level of contributions they make from their end-of-year payslips and with the help of leaflets—and then let their employers or the department know if *something is wrong.*

Plastic cards recording the National Insurance number should be introduced, Sir Derek suggests, and the department should launch a publicity campaign to emphasise their importance.

The report is critical of the complex and bureaucratic language in which leaflets about National Insurance are written.

It also calls for a greater use of the telephone by officials in dealing with the public.

Hambros had disclosed NCB document

IN OUR report yesterday of the High Court action between Laurence Scott and Hambros and others, we reported that Mr Christopher Bathurst, QC, for the plaintiffs, had stated that a National Coal Board minute sheet, a pattage of which had been "blanked out" by Hambros, had been found during a search of Hambros' offices at the weekend.

We are asked to make clear that, later in the hearing, Mr Richard Yorke, QC, for the defendants told the court that the draft of the document which was in Hambros' possession had originally been disclosed by Hambros' lawyers to Scott's lawyers before the trial began. The same passage had been blanked out since it was regarded by Hambros' lawyers as subject to legal privilege. Mr Bathurst agreed that that was so.

ILEA votes against reduction in price of school meals

BY GARETH GRIFFITHS

THE INNER LONDON Education Authority yesterday voted not to cut the price of its school meals from 35p to 25p and was last night considering a rate precept increase of 3.2p in the pound on ratepayers in the inner London boroughs.

The authority which last year ran a deficit of £37m was recommended by its finance sub-committee yesterday to increase the rate precept from 63p to 66.2p in the pound. The increase would yield £35m and would be levied in October.

Most of the money would be used to clear the deficit although £3m would fund educational initiatives for 16- to 19-year-olds. ILEA believes it can fund the shortfall on last year's expenditure from this year's planned budget.

Yesterday's decisions by ILEA highlight the divisions between the Left and Right wings of the controlling Labour group. Right-wing members of the Labour group joined with Conservatives, and independent and Social Democrats in defeating the Labour meal price cut proposals, which were part of the Labour election manifesto.

Voting on the school meals issue on the main ILEA eduction committee was 36 to 24.

The finance sub-committee voted to impose a rate precept but the Labour leadership on ILEA last night was no confident of getting it through. ILEA is now virtually completely financially independent of central government as it has been very adversely affected by the Government's changes in block grant payments.

The authority has decided to increase the number of schools serving meals in cash cafeterias.

The school meals issue has been seen as the first confrontation between both wings of the Labour group since the Left of the party took over the authority in May. Legal advice suggesting that councillors would be liable for a surcharge if the meal cuts went ahead is thought to have influenced some members of ILEA.

Futures market members named

BY DAVID MARSH

SIX of the world's top ten banks, leading U.S. securities houses and most of the City's top stockbrokers are due to trade actively on London's financial futures exchange when it starts next year.

They are among the 172 institutions and individuals named yesterday as initial members of the exchange, which will allow trading in forward contracts in currencies and interest rates.

The steering committee setting up the market allocated 215 seats on the exchange at a price of £20,000 each. A total of 43 members, mostly commodity brokers, have been allowed two seats in line with the greater trading role they are expected to play.

The participants comprise about 70 banks and discount house, 60 commodity brokers and 20 individual or small companies, with the rest made up of stockbrokers, jobbers and money brokers. The committee will offer a further 185 seats at a price of about £30,000 in October or November.

Among the big commercial banks on the membership list are Citicorp, Bank of America, Banque Nationale de Paris, Société Générale, Barclays and National Westminster Bank. These are all in the top 10 of the list of international banks ranked by assets compiled by The Banker magazine.

Three other banks ranked in the top 20—Sanwa Bank, Midland Bank and Manufacturers Hanover—have also joined, along with Lloyds Bank and Standard Chartered from the UK and Continental Illinois, First Chicago and Morgan Guaranty from the U.S.

Merchant bank participants include Hambros, Hill Samuel, Kleinwort Benson, Lazards, Morgan Grenfell, Samuel Montagu, NM Rothschild and Schroder.

A smattering of exotic foreign interest is provided by the Havana International Bank, Hungarian International Bank and the United Arab Bank of Kuwait.

Mr John Barkshire, chairman of money brokers Mercantile House Holdings, said yesterday that all the members would play an active part on the trading floor.

A 1942 HAWKER Hurricane, pictured above, which should be in good flying condition, was sold by Sir William Roberts for £260,000 yesterday with other aircraft from the Strathallan collection, based in Strathallan in Scotland. It was bought by an investment trust set up by Sir William Roberts, known as the Davies Trust.

SALEROOM

BY ANTHONY THORNCROFT

The aircraft sale did quite well, totalling £645,000. Weeks Air Museum in the U.S. paid £100,000 for a 1946 de Havilland DH 98 Mosquito and the Royal Scottish Museum bought a 1942 Bristol Bolingbroke for £18,000 and a 1953 Hunting Percival Provost for £16,000. A 1934 de Havilland Leopard Moth made £28,000. The sale was organised by Christie's

At Sotheby's How of Edinburgh, the London dealer, paid £70,000, plus 11.5 per cent in buyer's premium and VAT, for a late 15th century French romance of knighthood—Le Jouvencel by Jean de Bueil, printed on vellum and perhaps once the property of Charles VIII of France. An important Book of Hours by the Master of the Coronation of the Virgin was bought in at £30,000, but *Clifford King*, the London dealer, paid £10,500 for an Hours of the Virgin from the Southern Netherlands, late 15th century. The sale of medieval and later manuscripts totalled £189,060.

In an auction of Chinese ceramics and works of art, which totalled £295,760, a Cizhou sgraffiato jar of the Song dynasty sold for £20,000.

Brokers Halliday Simpson closing down

BY CHRISTINE MOIR

HALLIDAY SIMPSON, the Manchester firm of stockbrokers, is to close down.

Last Friday, the Stock Exchange Council took the rare action of suspending the entire firm from trading for the duration of a council investigation into the conduct of its affairs.

By early this week, it became clear that the investigation, which began in March, will take another six months to complete.

Since the firm would be unable to trade during that period, the partners yesterday decided to close it down "with immediate effect."

Halliday Simpson's problems are not financial. The firm yesterday announced that its auditors had "confirmed that there will be a substantial surplus available to the partners at the end of closure."

The Stock Exchange's investigation covers the firm's style of dealing. It began when the Chieftain Unit Trust group asked the council in March to look at certain share dealings which had been carried out within the group. Mr Ian Hazeel, the former investment manager of Chieftain, resigned in the spring.

The investigation soon widened well beyond its initial brief.

Halliday Simpson will now settle all outstanding business for clients and wind up

Holiday flights may face fuel surcharge

By Arthur Sandles

THOUSANDS of holidaymakers may face fuel surcharges as sterling continues to fall in value against the dollar. Many companies are charging £8 or more additional impost on trips to the Greek islands and eastern Mediterranean.

The situation is worse on the North Atlantic. There, some companies are approaching the 10 per cent to 15 per cent maximum surcharge allowed under booking conditions.

While some trips are being surcharged, however, many other holidays are being discounted, due to a surfeit of capacity.

The Association of British Travel Agents said last night that surcharging was not a problem to most European destinations. Prices were fixed on exchange rates of one year ago. Since then, sterling had held up well against European currencies but had declined against the dollar.

The problem is caused by many aviation fuel purchases being made in dollars. The farther the destination from the UK, the greater is the fuel element and the likelihood of a surcharge.

Air fares battle

PRICE COMPETITION is needed urgently on the trunk air routes from London (Heathrow) to Glasgow and Edinburgh, according to evidence by the Scottish Consumer Council to the Civil Aviation Authority in London.

The authority yesterday began public hearings into an application by British Midland Airways, the independent airline, for rights to fly from Heathrow to Glasgow and Edinburgh in competition with the British Airways' Shuttle services, at a price of £88 return, £20 cheaper than Shuttle. British Airways is fighting the British Midland bid vigorously.

Shell raises prices

SHELL last night joined other oil companies in raising its pump prices for petrol by 8p a gallon, bringing the average price of four star to 163p a gallon. BP, Mobil and Esso have already announced price rises.

Enterprise zone starts

THE THIRD enterprise zone, at Dudley, West Midlands, was officially opened yesterday by Mr Norman Fowler, Transport Secretary. It follows Swansea and Corby. The eight remaining zones are expected to begin within the next few months.

Mr Fowler said there would be an opportunity to create "real and permanent jobs" in the zones.

Camden case stopped

RATEPAYERS seeking to sue their local councillors over alleged extravagant and wasteful spending cannot mount a legal action by themselves, a High Court judge ruled in London yesterday.

Mr Justice Warner said that three members of Camden Ratepayers' Association must ask the Attorney General to take over the action against Camden Council and the 30 members of its controlling Labour group.

If the Attorney General refuses the ratepayers may challenge the judge's decision in the Court of Appeal.

Hoping to disappoint the receiver

CHRISTINE MOIR and NICK GARNETT look at the threat to a BPC plant

THE APPOINTMENT on Monday night of a receiver to the Park Royal printing works of the British Printing Corporation does not indicate that the group's bankers have begun to foreclose on their loans.

Far from it. Mr Rupert Maxwell, BPC's chief executive, has confirmed that National Westminster Bank, which is responsible for about £25m of total group borrowings of £39.7m, is continuing to support the group in its survival plan.

It was BPC itself which called in the receiver, Mr Norman Cork, one of the partners of Cork Gully, an accountancy firm which specialises in this form of work. And yesterday Mr Cork took the final step of sending out notices to Park Royal's employees terminating their employment.

Mr Cork was called in by one of BPC's subsidiaries, which had lent Waterlow and Sons, the subsidiary which runs the Park Royal works among others, what Mr Cork describes as "quite a considerable sum in relation to the situation."

The loan is a fixed one, secured against the property, plant and machinery of the works, so Mr Cork is holding that property against the loan.

The move, which is therefore entirely an internal matter, highlights the legal relationships of limited liability companies in a group. If any company is worried about its loans to another company in the group it can take action to secure its interests.

In this case the worry is whether the Park Royal works is viable—a doubt first voiced in the spring when Mr Maxwell began the manoeuvres which led to the rescue package for BPC.

Mr Maxwell had bought 29.4 per cent of the loss-making printing and publishing group — the largest in Europe — the previous summer.

Early this year, when the group announced interim losses of £6.5m and said its condition was "absolutely desperate" he offered to inject £10m in return for shares which would take his stake to 77 per cent.

A fundamental condition of his rescue was a severe programme of redundancies, closures and reorganisations.

Mr Maxwell listed a number of plants in the group which were simply not viable. They included the Park Royal plant which prints the 3¼m copies of the Radio Times.

Before he would inject money into the group, and before National Westminster Bank would raise its overdraft facilities to the £41.5m the group badly needed, nearly 25 per cent of the 10,500 workforce in the group's 42 printing works would have to go.

By April BPC was dangerously close to exceeding its existing banking facilities, but while the patience of National Westminster wore thin, the rescue deal was held up by union negotiations. Mr Maxwell would not go ahead without written agreement to the survival package.

The group was in dangerous straits. Pre-tax losses for the 53 weeks to January 3 were £11.3m and extraordinary items, write-offs and provisions had reduced group reserves to £4m from the previous year's £17.9m.

On that basis the group was simply undercapitalised. Borrowings of £54m amounted to nearly twice the group's share capital and reserves.

The reconstruction would change all that, bringing gearing down to 68 per cent from 196 per cent. Faced with the threat of insolvency the unions began one by one to agree to the draconian measures.

In terms of the Park Royal works this meant accepting 180 redundancies out of a work force of 700. Mr Maxwell also wanted to transfer some of the Radio Times print run temporarily, to Park Royal's sister printing works at East Kilbride in Scotland.

The plan was accepted by the other unions. It was also agreed by senior officials of Sogat, including Mr Bill Keys, its general secretary.

But it was not acceptable to the Sogat members, who rejected it. Their decision was made on Monday. That evening BPC called in the receiver for the works.

Mr Bill Miles, a union national officer said yesterday that under the circumstances it was the best package for the Park Royal plant that could be negotiated because of the serious financial position. "We had no option but to come to terms with Mr Maxwell."

The union says the agreement with Mr Maxwell guarantees that the lost printing would be returned to Park Royal in two years.

"We are trying to come to some understanding with our members. We believe we have sufficient guarantees. We are anxious to keep jobs in London and in Scotland." Mr Miles said.

Sogat has also been under some pressure from the other unions, including Natsopa and the NGA which have accepted the plan.

The union's 160 members at Park Royal voted overwhelmingly however, to reject the package—even with the threat of the receiver hanging over them and despite exhortations to agree the deal from Mr Miles.

Mr George Willoughby, secretary of the Sogat London branch, was at the joint management-union meeting which accepted the package in April.

He said this week though that the central London branch had mandated him to resist the package, even by blocking distribution, and he spoke against acceptance at Monday's mass meeting.

The members, he said, did not believe the printing removed to East Kilbride would ever be returned to Park Royal.

If Sogat agrees to the survival package, Mr. Cork said yesterday, then BPC considers Park Royal will be viable. At that point, as he says, "the person who appoints a receiver can disappoint him. And I would just walk away."

At that stage the dismissal notices sent out yesterday could be replaced by new employment contracts.

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Government to trim cost of supporting Concorde

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CONCORDE IS to go on flying with British Airways—but the Government will do all it can to reduce the cost of the aircraft to public funds.

These conclusions emerge from the response by the Department of Industry to criticisms of Concorde and its cost to the taxpayer, made in a recent report by the Commons Industry and Trade Committee.

The committee has urged the Government either to consider the cancellation of the project or to seek ways of cutting its costs. It is claimed that Concorde would cost the public over £123m in the five years from the 1980-81 financial year.

The Government responds that cutting the costs is the best way forward. This approach would offer "substantial opportunities" for reducing the burden, including ending fatigue testing of Concorde components at Farnborough by 1984—earlier than planned—which will save £63m.

However, the Government will continue to review comprehensively "the relative costs of continuation and of cancellation."

This means that if there are further increases in costs of supporting the aircraft in service (either through continued operational losses or of other increased costs), the Government will be obliged to consider halting its support.

This does not seem likely, however, since the Government's reply to the committee makes it clear that, from now on, spending on Concorde should be on a declining trend.

"In 1981-82 project expenditures, net of receipts, and at September 1980, prices are estimated to be some 25 per cent below the now-expected outturn for 1980-81," says the Government's reply.

The Government is critical of the committee's hostile attitude to the Concorde forecasts prepared by the Department of Industry.

The Government said it regretted that the committee had felt it necessary to be so critical of the forecasts and necessary assumptions presented in the evidence given to it.

"It considers that this is unwarranted, and that there is no need to duplicate the present assessment arrangements by appointing independent consultants."

Nor does the Government accept the committee's claims that Concorde has been immune from rigorous appraisals of costs. "It has been under continuing reassessment over a prolonged period," says the Department of Industry.

But there will be further discussions with the French partners in the programme on the need to ensure that the continued support costs are shared between the two countries.

Department of Industry: Concorde: The Government's reply to the Second Report from the Industry and Trade Committee, 1980-81; Command 8308; SO, £1.40 net.

Engineering a future for biotechnology

Hazel Duffy looks at the Cetus pact with Davy

THE MERGER of minds at Davy Corporation's technical centre in Chicago and the genetic engineering group, Cetus Corporation, announced at the end of last week it intended to exploit the commercial application of advanced biological processes. But such is the stage of research in genetic engineering that neither party can predict the outcome.

The agreement reached between Davy McKee, the U.S.-based wing of the Davy Corporation, and Cetus, can best be described as low key in commitment of resources, but highly ambitous in its aim.

Davy executives in London and Chicago made it clear this week that they are cautious about the eventual outcome, but are certainly prepared to commit cash to the project if it looks likely to come off.

Genetic engineering is proving to be as exciting to the speculative investor as microelectronics was a few years ago. Cetus is a prime example of the birth by venture capital which launched Silicon Valley. It was founded 10 years ago by Dr Peter Farley, a physician, Dr Ronald Cape, a biochemist and molecular biologist and Dr Ronald Glaser, a Nobel Prize winner and professor in physics and biology.

Cetus attracted the financial backing of establishment companies. Standard Oil of Indiana, Standard Oil of California, and National Distillers and Chemical Corporation. In December last year, it announced it would be going public, giving presentations to the financial markets in European as well as American centres.

An investment in Cetus, however, is a representation of faith in the future of genetic engineering. While there is growing optimism that Cetus and other companies are the germ of a future biotechnology industry, Cetus has still to prove that it can be a money spinner.

According to its prospectus, it lost $1.75m (£930,000) in 1978, just over $2m in 1979, and made a small profit last year. It employs 400 in its head office at Berkeley, California, and three subsidiary operations in the U.S., and has annual revenues of £20m.

Davy, by contrast, is an established engineering contractor which has built a large number of industrial and chemical plants around the world. They include pharmaceutical plants for the production of antibiotics based on classical biology.

If this expertise can be developed and applied to the emergent genetic engineering research being conducted by Cetus, Davy believes it could hold the key to the commercial exploitation of various new products.

Mr Ed Kirchner, Davy McKee's technical vice president, explains that the aim will be to offer a complete package to the potential client.

Initially, the programme will consist of identifying those techniques which Davy believes will be commercially feasible. He will assign three or four biochemical engineers to work on the project, which will be stepped up as soon as the programme merits being taken on to the next stage.

Cetus is a pioneer of certain techniques associated with the ne wtechnology, including recombinant DNA—splitting genes to produce new life form—and massive screening. Its products include interferon, which is being used in isolate dcases to combat cancer but is very expensive to produce, and fructose. Dr Farley also refers to a couple of projects being undertaken by Cetus in relation to the chemical industry but will not reveal any details.

Cetus has the products, but what has now to be developed is the means by which they can be manufactured in sufficiently large quantities to make them commercially feasible. Dr Farley predicts that such developments are probably a couple of years away, with the exception of fermentation techniques which Cetus is exploting in the U.S. with National Distillers.

Most of the big pharmaceutical companies are investing in genetic engineering research, and many think the race is already on to exploit it commercial application. In addition, there is the whole area of biotechnology in industry to be opened up.

Independent companies like Cetus need to find partners which can develop the means of manufacture. The agreement with Davy, however, is not in any way exclusive. Both parties aer free to find other companies to work with if they think this will be more beneficial.

Davy would probably have preferred that the Cetus link had not been made public in the belief that these tie-ups are best kept quiet until something positive emerges from them. Davy, in any case, has many more immediate problems in fighting off the attentions of Enserch, the American energy which launched a £143m bid for Davy in December.

The bid is the subject of a Monopolies Commission investigation, and Davy is hoping this will be the means for it to preserve its independence. Ensearch's interest was aroused by the Davy potential for building synthetic fuel plants—another fashionable pursuit in the U.S.—and Davy could certainly do without any speculative interest in genetic engineering. For its own reasons, however, Cetus was anxious to make the agreement public.

Britain 'wins' steel imports fight

BY MAURICE SAMUELSON

STEEL CONSUMERS in Britain say they have won a long-running battle with the European Commission over its way of calculating prices of third-country steel imports into the EEC which had previously been regarded as unfavourable to British customers.

The breakthrough in the campaign came last Friday at a meeting between Viscount Davignon, EEC Industry Commissioner, and Mr Lawrence Kelly and Mr John Safford, vice chairman and director of the British Iron and Steel Consumers Council. According to Mr Safford, Viscount Davignon had "accepted our case 100 per cent."

The complaint sprang from the way the Commission assessed the basic prices at which steel imported from South Korea, South Africa and South America could attract anti-dumping legislation in the EEC. Because of the rise in sterling, the trigger price in Britain was now 10 to 15 per cent higher than in West Germany and up to 25 per cent higher than in West Germany and up to 25 per cent higher than in Italy.

The British consumers' main complaint was that by failing to adjust the way the price is calculated – the EEC Commission was in breach of Article 4 of the Treaty of Paris, dealing with discrimination.

After last Friday's meeting, the EEC Commission announced it would raie the basic import price by 12½ per cent in European Currency Units (Ecu) while simultaneously amending the sterling parity rate with the ECU to bring down the UK price from £170 to £166 a tonne.

THhis meant, Mr Safford said yesterday, that "the element of discrmination is completely eliminated and our representations have carried the day."

Viscount Davignon had further assured UK consumers that in future prices and parities would be reviewed about every six months, so that the situation would not happen again.

UK imports of steel from third countries are believed to be less than 5 per cent of the total UK consumption of 12m tonnes a year.

Jaguar and Daimler cars redesigned and prices cut

BY JOHN GRIFFITHS

SOME JAGUAR and Daimler cars have been redesigned to achieve fuel-saving of up to 22 per cent on the largest models. The prices of other models have been cut by up to £1,550.

The price cuts announced today have been made possible by greatly improved productivity at BL's luxury car division, Mr John Egan, its chairman, said yesterday. "We're making more cars with 40 per cent fewer employees than a year ago."

The biggest innovation is the installation of the "fireball" combustion chamber system in the 5.3 litre V-12 engines fitted to the XJ12, Daimler Double Six and XJS coupe models. The system, devised by Michael May, an independent Swiss engineer, is bing used in a production car

It provides, for example, 27.1 mpg at a steady 56 mph in the coupe model, renamed the XJS HE (high efficiency), against 21.9 mpg in the previous model. Acceleration and top speed are also improved.

The price of the XJS HE, at £18,950, is lower by £812. The biggest price cut is on Janguar's single best selling model, the XJ6 4.2 saloon, which will now cost £14,729.

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Managers' buy-outs 'to increase'

BY LORNE BARLING

MORE manufacturing companies in the West Midlands will sell divisions or subsidiaries later this year by management buy-outs, Mr Derek Sach, Birmingham area manager of the Industrial and Commercial Finance Corporation (ICFC), predicted yesterday.

Mr Sach announced record investments by ICFC of £10.8m in the Midlands in the past financial year and said several "industrial giants of the land" were now preparing to sell unprofitable or unwanted parts.

"This is very largely due to economic circumstances. Often these parts of companies do not fit in with long-term plans, or are not profitable. But more importantly, many parent companies need the cash."

In other cases subsidiaries demanded money to expand, which could not be provided at present and buy-outs allowed funds to be raised elsewhere without increasing the debt burden of the parent company.

Last year, ICFS's Midlands office invested some £3.5m in 10 management buy-out deals, and 116 loans were made in the area, of which 95 were less than £100,000 and 63 less than £50,000. Backing was provided for 50 companies which had traded for less than three years.

Mr Sach said management buy-out deals were now tending to get bigger in value and were developing into "consortium buy-outs," in which managements could only afford to take less than a controlling interest.

"I believe we will be seeing a lot more of these later in the year. It is inevitable that when large sums are involved, management will have to accept smaller shares," he said.

Only about 15 per cent of ICFC loans in the Midlands had been to higher technology companies, which was disappointingly low, although the corporation was willing to provide a high level of financial support for promising companies of this kind.

Huddersfield & Bradford raises record credit

BY WILLIAM HALL, BANKING CORRESPONDENT

HUDDERSFIELD and Bradford Building Society has raised a £25m loan from a group of largely foreign banks. It is the biggest syndicated credit to be arranged by a society so far, and is likely to be followed by several more fund raising exercises by other societies which are facing increasing competition for funds from the banks.

Samuel Montagu and Co. the London merchant bank has arranged the five-year loan for Huddersfield and Bradford, which is the 16th biggest building society in the UK with assets of over £600m.

The society is paying a margin over London interbank offered rates (Libor) of ⅝ of 1 per cent which drops to ½ of 1 per cent. The margins are considerably finer than those commanded by the Anglia Building Society, which was the first to tap the syndicated bank credit market. It raised £20m through a consortium of banks led by S. G Warburg, in November 1979.

Mr. Max Reid, deputy general manager of Huddersfied and Bradford, said that his society had decided to borrow in the syndicated credit market because of the fierce competition for personal savings. The new money would support about 10 per cent of new lending in the first year.

He said that the new loan would be cheaper than borrowing via term shares. The latter cost 13.91 per cent grossed up, compared with the current cost of 13¼ per cent for the new loan.

So far very few building societies have tapped the wholesale money markets. The Anglia was followed by the Alliance, which started issuing a fixed rate bond last September and has now raised about £45m. In March the Midshires, the 21st biggest society, raised £3m through two banks. A number of other societies are now negotiating syndicated credits.

None of the Big Five societies, which account for over half the building societies' funds, have yet made a move. Bankers are waiting with considerable interest to see how they move into the wholesale money markets.

Abbey National pledges to aid inner-city building

BY WILLIAM COCHRANE

THE ABBEY NATIONAL building Society yesterday pledged itself to a programme of encouraging builders to build more homes in inner-city areas.

Sir Campbell Adamson, chairman of the society, said in London yesterday that Abbey's initiative could lead to 10,000 private starts in the older core area of UK cities and towns by the end of this year.

Last year, total private starts in the UK were only 97,400, compared with 228,000 in 1972.

Yesterday, Sir Campbell said Abbey would give mortgages on all new properties which are started between now and December; are aimed at the first-time buyers; are in inner urban areas; and are of an acceptable standard.

Sir Campbell said Abbey had a total commitment to new housing in the second half of this year of some £400m. "We don't think we'll need it," he said, "due to the lack of confidence in the building industry."

Abbey reported yesterday that it had provided £1.08bn for housing finance during the first six months of 1981, an increase of almost 70 per cent on the £636m in mortgage advances in January-June 1980. New houses took £164m of the total compared with £123m previously.

On receipt, Sir Campbell claimed a consistent increase in market share. "In every mouth of this year Abbey's market share of funds taken in was considerably in excess of its share of existing building society assets—both for the industry, and four major competitors."

Sir Campbell hoped the major building societies would soon pool resources for a support scheme for builders of new homes.

Abbey also announced two new investment schemes: a one-year bondshare, paying a guaranteed differential of 1 percentage point above the basic share rate: and a ten-year scheme available to investors aged 40 and over, paying two points higher.

Greek group pays £13.4m for Cunard fruit ships

By Andrew Fisher, Shipping Correspondent

CUNARD Steamship, part of the Trafalgar House group, has sold four refrigerated fruit ships for about $25m (£13.4m) to companies managed by Restis Enterprise Shipping of Greece.

The ships were originally built for Maritime Fruit Carriers, the Israeli-American company which ran into trouble in the mid-1970s.

Cunard bought ten ships from Maritime Fruit in 1976. Those sold to Restis are the smallest and their disposal represents a further decline in the size of the Cunard fleet.

Cunard originally paid over $85m for the 10 ships, of which $50m was put up by banks in syndicated loan form, $11m by the Ship Mortgage Finance Corporation, and the rest by Cunard itself.

Initially, Cunard wanted to buy 12 ships. But two were sold to creditors of Maritime Fruit, despite attempts to prevent this by the UK company in the High Court.

The four vessels sold to Restis are the Alaunia, the Alsatia, the Andania, and the Andria, all built in the UK and having a cubic capacity of 352,000 feet each and gross tonnage of nearly 6,700.

Of the remaining six, two are over 9,700 gross tons and the other four 12,000 tons each.

Social survey on minorities

By Lisa Wood

MORE THAN 5,000 detailed interviews are to be conducted with Asians and West Indians as part of a £320,000 study into the way racial minorities view their position and treatment in Britain.

The survey, by the Policy Studies Institute, an independent research group, will be financed by several bodies including Government Departments. The Greater London Council has committed £15,000 towards the research, subject to certain conditions.

About a third of the interviews will be carried out in London.

Gas consumers attack showrooms plan

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE CONSUMER WATCHDOG for the gas industry strongly criticised yesterday the Government decision ordering British Gas to sell its 900 showrooms and pull out of gas-appliance retailing.

The National Gas Consumers' Council forecast "a couple of years of chaos" as a result of the decision, which it described as "destructive." It feared that the "cowboy" operators would move into gas servicing and reduce safety standards.

The council's view in its annual report, is in line with comments by other consumer groups and by trade unions.

Earlier this week gas unions staged their first ever national stoppage in protest at the sale.

Miss Sheila Black, the council's chairman, said that the Government decision omitted safeguards for consumers. It offered a "brave new world for consumers in the distant future," but left present users of gas appliances with the possibility of being unable to get them serviced or repaired.

"All consumers are at risk if British Gas is forced out of installation and servicing because we could lose the low-cost safety checks we now have," said Miss Black.

Miss Black called for legislation to control installation of any appliance, including wood-burning stoves, that was potentialy dangerous. Mrs Sally Oppenheim, Minister for Consumer Affairs, had told the council that the idea "had merit" and would be considered, she said.

Help the Aged protested to Mrs Oppenheim about the gas showrooms. Mr Hugh Faulkner, directer of the charity, said closure would "undoubtedly hit elderly customers hardest

NUR leaders reject 10% Tube package

BY PHILIP BASSETT, LABOUR STAFF

LONDON TRANSPORT'S largest union, the National Union of Railwaymen, yesterday rejected an improved productivity-linked pay offer of 10 per cent and issued detailed instructions for the all-out strike it has called for Monday by the 15,000 Tube members.

Talks between the LT Executive and its three unions will be resumed tomorrow. Mr. Charlie Turnock, NUR assistant general secretary, said: "Given the possibility of goodwill on both sides, there is the possibility of settlement before Monday."

The resumed negotiations have been timed to follow the announcement of findings of a British Rail tribunal on main-line pay. It is unlikely now that the recommendation will take the form of a two-stage offer of 7 per cent now and 4 per cent later.

LTE offered yesterday to match the main-line award but this was rejected by the unions. An alternative offer of an increase on basic rates of 10 per cent—subject to the implementation of various productivity measures, some of which are still outstanding from previous pay deals—was then proposed.

Present rates are: leading railman, £65.94 (£107.71 average earnings for a 44-hour week); guard, £73.09 (average £112.86), and motorman, £93.85 (average £142.42).

Mr Turnock said that because of the productivity measures proposed, the offer could mean considerably less than 10 per cent for some staff. Some officials suggested that the difference for some workers might be up to 4 per cent.

Dr Tony Ridley, LTE Underground managing director, said the link to improved productivity was strict.

He said: "I am sure the strike can be avoided, but I'm not sure it will be."

The productivity measures sought by LT include: full introduction of one-man operation on the Hammersmith and City/Circle lines; the phased elimination of additional unrequired Sunday working over two years; flexibility of station staff, including station foremen carrying out cleaning work; re-rostering of staff when traffic is light; the acceptance of an on-line computer in railway control offices; and the acceptance of automatic ticket equipment.

LTE also offered a lump sum payment of £50 to compensate staff for the erosion of free travel benefits because of the forthcoming fares cut.

The NUR yesterday issued detailed instructions on the possible strike from Mr Sid Weighell, general secretary. Some safety staff — those who operate water pumping equipment, for example — will be allowed to continue working. But in the main all staff are instructed to stop work from the end of service on Sunday.

● BR yesterday opened a crucial two-day conference with the rail unions on productivity improvements. Changes in working practices have been linked directly by the Government to approval for step-by-step electrification of the railway network.

Clothing makers call for aid

UP TO 100,000 jobs could be lost in the clothing industry this year, according to Mr John Mannion, executive board chairman of the National Union of Tailors and Garment Workers.

Mr Mannion and senior union colleagues meet Mr Kenneth Baker, Industry Minister and Mr Cecil Parkinson, Trade Minister, today to appeal for Government action to help the industry.

He said yesterday: "Over 50,000 clothing jobs have disappeared since this Government came to office.

"We will be pressing them for a positive response to our suggestion that interest rates should be reduced for manufacturing industry and that VAT should be removed."

Hopes rise for Varley

THE EXECUTIVE of the Amalgamated Union of Engineering Workers' is understood to have decided yesterday to switch its support for the position of Labour Party treasurer from Mr Norman Atkinson, the present treasurer to Mr Eric Varley.

If all other unions do not alter their respective support for the two candidates, this could tip the balance against Mr Atkinson, a leading Left-winger and an AUEW member and sponsored MP.

Philip Bassett on the Government,s dilemma

Civil servants decide to continue selective strikes

SWIFT ACTION is expected from the Government in the next few days ,following a decision yesterday by the full council of Civil Service Unions to maintain its policy of selective strikes over pay.

The union leaders are not sure which way the Government might move—whether there might be a small improvement in the present offer, following a series of unofficial discussions, between the Civil Service Department and the unions, or whether further disciplinary action will be taken.

Mr Bill Kendall, the council's secretary general, reported to the full council the outcome of his discussions with senior department officials. Some discussions have taken place in London's St James's Park.

There were some early indications that there might be movement in the offer, but anything further would have to be decided after consultation with ministers. Mr Kendall said any possible movement now marginal. It is thought it might be about ½ per cent, mainly as a result of accelerated manpower cuts.

The opposite tactic the Government may adopt is either to increase sharply the use of suspensions of staff, or alter the 7 per cent pay offer, either by withdrawing it completely, or by imposing it on staff who have not been involved in the industrial action.

The campaign of strikes will not now be escalated further in the near future. The unions have finished reshaping the strike programme, which has included returning to work staff in passport offices and in the Ministry of Defence. However, they expect increased action in local benefit offices over the blacking of Giro cheques brought out across picket lines at the Department of Employment's strike-bound cheque centre at Watford, Herts. The unions expect that about 670 benefit office staff will be on strike by the end of the week.

Some of the benefit offices affected, including Hackney and Leyton, in East London, Bootle in Liverpool, and Sheffield in South Yorkshire, are in or close to areas involved in the recent spate of street violence.

Three offices, Keighley in West Yorkshire, Kinning Park in Glasgow, and Hackney—have stopped paying unemployment benefit, forcing claimants to apply to local Health and Social Security offices.

Because of the increased volume of work, though, some DHSS offices have been forced to close, including those in Hackney, Willesden and Keighley, leaving claimants to apply directly to local authorities for help.

Union leaders accused the Government of trying to put pressure on the unions by refusing to take up their offer of making cash, rather than Giro, payments to claimants. Mr Alistair Graham, deputy general secretary of the Civil and Public Services' Association, the largest union, said: "It's not an ideal situation. It means inconvenience and upset for the unemployed.

He said that earlier in the dispute the unions had not been keen to hit claimants, but, after 18 weeks of strike action they had been left with little alternative.

Continued action depends on the amount of money flowing in from coluntary levies of union ismembers. The revised action is now costing just over £¾m a week. The unions claim to have collected just under £2m in the last three weeks.

Dockers to vote on pay peace proposals

BY OUR LABOUR STAFF

OFFICIALS of the Transport and General Workers Union have made proposals aimed at resolving the pay dispute at the port of Southampton which has disrupted dock work for more than two months.

The British Transport Docks Board, the main employer at the port, said yesterday that the basis of the proposals was attractive. It said considerable negotiation would be necessary on some of the detailed elements.

The proposals are to be put to a mass meeting of the port's 1,600 dockers on Friday. Shop stewards met yesterday to decide what recommendation, if any, they should put to the meeting.

The present offer, to run for 12 months from January, involves a rise in the basic rate from £94 to £105 a week. The rate for calculating overtime would remain £89.

The new proposals involve a two-year deal split into two parts. The docks board said the first part to run from January to July this year would be based on the present offer.

The second part, which would involve further improvements, would run from July until the end of next year.

Dockers have been demanding a basic wage of £120 a week.

Nurses accept 6% limit

FINANCIAL TIMES REPORTER

BRITAIN'S 500,000 nurses and midwives yesterday reluctantly agreed to accept a pay rise within the Government's 6 per cent cash limits.

However, their spokesman, Mr David Williams, called the extra money a 'pittance" for the work nurses do. They had claimed 15 per cent and a shorter working week.

Mr Patrick Jenkin, the Social Services Secretary, made it clear they could not break through the cash barrier.

Two unions, the Confederation of Health Service Employees and the National Union of Public Employees, were prepared to reject the 6 per cent offer and campaign for more money. But the Royal College of Nursing, the Royal College of Midwives, and other professional associations, who hold the majority of seats on the staff side, favoured acceptance.

Mr Williams said the decision followed a personal commitment by Mr Jenkin to do his utmost in the Cabinet on behalf of nurses in next year's pay round.

Fight for women at work

BY OUR LABOUR STAFF

THE TUC this week will launch a campaign for the improvement and protection of women's health. The campaign will put particular emphasis on health in the workplace and on demands for making improvements part of the normal process of collective bargaining.

A special conference on the issue on Friday will discuss a document published yesterday by the TUC, "Women's Health at Risk."

It is a guide to negotiators on women's health based on three points: expanding workplace health education for pregnant women, increasing the availability of services for screening for cancer of the breast and cervix; protecting all workers, particularly women, from industrial hazards on reproduction systems.

The TUC says many of its demands — such as health education classes, visits to factories and offices by mobile cancer units and provision in agreements to protect women from coming into contact with hazardous industrial materials can be adopted at little or no cost to employers.

(Women's Health at Risk—A TUC Workplace Programme to improve the health of women. TUC, London, 35p).

APPOINTMENTS

Dunlop director for combined hose divisions

Mr J. H. Kendall has been appointed director of the combined operation of the merged industrial and hydraulic hose divisions of DUNLOP.

He joined the group in 1955 and after 10 years with the UK tyre division moved to Uganda as works manager of Dunlop East Africa and then to Dunlop India as tyre manufacturing manager at the Sahaganj factory. Mr Kendall returned to the UK in 1968 and became general works manager of Dunlop's polymer engineering division in Leicester. Since 1977 he has been director and general manager of the industrial hose division based in Newcastle upon Tyne.

★

Mr Arthur Shillitto is to become chairman of Froude Engineering and Froude Engineering Inc and an executive director of the parent company REDMAN HEENAN INTERNATIONAL on October 1. His successor as managing director of Froude Engineering in Worcester will be Mr Peter R. E. Latham, who will join the group on September 1 and take up his new responsibilities at the beginning of October. Mr Latham is at present assistant managing director of the GEC Large Machines Company.

★

Mr Richard Hewett, formerly marketing director of READER'S DIGEST ASSOCIATION, has been appointed managing director in place of Mr Victor Ross, who remains chairman. Mr Greville Selby-Lowndes has become deputy chairman.

★

Mr Cyril Beastall and Mr Norman J. Reeves have been appointed to the board of BOOTS PURE DRUG COMPANY. Mr Jacques David, Mr Ian Hawtin and Mr Peter Lyon have become directors of BOOTS INTERNATIONAL. The parent concern is the Boots Company.

★

The Secretary for Industry has appointed Mr Peter Laister, managing director of Thorn EMI, to the INDUSTRIAL DEVELOPMENT ADVISORY BOARD until July 31, 1983.

★

Mr Gordon H. Popham has been appointed a joint vice chairman of J. HENRY SCHRODER WAGG AND CO.

★

Mr M. H. Gruselle has joined the board of BARING BROTHERS AND CO. Mr A. M. G. Baring, Mr P. S. Hartley, Mr A. J. D. Hawes, Mr C. L. A. Irby and Mr K. C. V. Nicoll have been appointed assistant directors. Mr A. C. O. McGrath, Mr J. McLaren, Mr J. C. Minter, Mr J. H. T. Russel and Mr A. B. Swann have become managers. Mr L. V. Ingrams has resigned from the board.

★

Mr Dennis Bonnett has been appointed vice president, European operations of SWEDA INTERNATIONAL, London, and has been succeeded as managing director by Mr Brian Gray. Mr Ken Turner replaces Mr. Gray as director of marketing.

★

★

Mr A. M. W. Davis has been appointed joint managing director of DAFLEX, Horton Kirby, Kent.

★

Mr S. Graham has been apointed to the board of W. G. SPICE AND CO., a subsidiary of the Guinness Peat Group.

★

Mr Eric Alley, county emergency planning officer, Humberside County Council, has been elected national chairman of the ASSOCIATION OF CIVIL DEFENCE AND EMERGENCY PLANNING OFFICERS.

SAMA senior adviser

BY JAMES BUCHAN

Mr Leonard Ingrams, managing director of Baring Brothers, the merchant bank, has been appointed senior adviser to the SAUDI ARABIAN MONETARY AGENCY (SAMA), the central bank with the largest pool of assets in the world. He has resigned from the bank and will take up his post in Riyadh at the beginning of September, initially for two years.

The post of senior adviser to the monetary agency is a new one and Mr Ingrams, 39, has been recruited on a personal basis. He served five years with SAMA in Saudi Arabia on secondment from Barings from 1974 after the bank, together with White Weld, were contracted to provide advice to SAMA on the deployment of its surpluses in the wake of the 1973-74 quadrupling of the oil price. The Barings and White Weld contracts continue.

Mr Ingrams will sit on the SAMA investment committee which is responsible for deployment of well over $100bn in assets. The Saudi Government's income from oil receipts is now reckoned to be in the order of $300m a day.

UK NEWS—PARLIAMENT and POLITICS

Thatcher refuses statement on riot control measures

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER came under heavy pressure from the Opposition in the Commons yesterday to make an immediate statement to clarify the government's proposals on new anti-riot measures.

But Mrs Thatcher refused to give in. She said announcements will be made by Mr William Whitelaw, the Home Secretary, in a major speech opening tomorrow's Commons debate on the widespread rioting of the last 10 days.

In further heated exchanges Mr Michael Foot, Labour leader, protested that Mr Whitelaw had already leaked the government's proposals to backbenchers on the Tory home affairs committee which met in private on Monday night.

In replies the Prime Minister confirmed that the government is prepared to allow the use of water cannon, CS gas and rubber bullets if requested by the police

It was noticeable, however, that Mr Foot declined to be drawn when challenged by Mrs Thatcher to say specifically whether he is in favour of using water cannon and CS gas.

Although the exchanges were not as ill-tempered as those of last week, the Speaker, Mr George Thomas, again had to intervene to remind MPs that he had been inundated with letters of protest from the public about the noise during Prime Minister's question time.

Mr Tony Marlow (C., Northampton N.) demanded the reintroduction of the Riot Act which was repealed in 1967.

He said it would be the best means of clearing the streets and bringing about quick, effective and fair justice to rioters.

This provoked angry Labour shouts of "Why not use machine-guns?" Mrs Thatcher told Mr Marlow that the Home Secretary, the Attorney-General and the Lord Chancellor are now carrying out an urgent review of this aspect of the law and will be presenting their conclusions in due course.

Labour backbenchers once more stressed the need to deal with unemployment as the main underlying cause of the rioting. The Prime Minister, however, insisted that although unemployment was a factor it was not the main one. Law and order must have first priority.

"This is not the time for detailed analysis," she said. "We have a problem. We are not going to be able to deal in practice with the economic and social aspects of it until law is restored and seen to be restored. The two things go hand in hand."

Mr Foot agreed that law-breaking must be stopped and punished. But the way in which it was done was very important to the freedom of the people.

He wanted to know whether Mr Whitelaw's remarks to the meeting of Tory backbenchers represented a new statement of policy and, if so, when a statement was to be made to the House.

The Prime Minister said statements on Government policy would be made in tomorrow's debate. She hit back at Mr Foot and challenged him to say whether he was against the use of CS gas and water cannon.

There were Tory jeers of "Answer, answer" as Mr Foot replied that some suggestions were supported by the police and others were not.

He told Conservative backbenchers: "I am not going to answer these questions until they are properly debated."

The Opposition, he said, wanted illegality stamped out as much as anyone else did. Nevertheless, it should be done by fair methods which did not drive a wedge between the police and the community.

Mrs Thatcher said that his words would not give much help or encouragement to the police—an allegation which Mr Foot immediately denied as "a slur."

● In the Lords, Tory backbench peer, Viscount Massereene and Ferrard, called for the appointment of an additional Minister with special responsibility for law and order. He claimed that the Home Secretary could not alone cope with the rise in crime.

During question time in the House of Lords he said: "If we take the multitude of interests that the Home Secretary has to contend with already from crime is it really fair or possible to expect him to be responsible for the rising crime and violence that we are witnessing.

Lord Massereene said a Minister for Law and Order could find out if groups were spreading sedition

Lord Shinwell, the veteran Labour peer, asked how much it would cost to employ another Minister. Lord Belstead, Home Office Under Secretary, said that he did not think anyone could get better value for money "than they get from the Home Secretary."

Willie misses the cheers on toast

THERE SEEMED to have been some judicious shuffling of the business programme in the Commons yesterday. After the latest law and order flare up during Prime Minister's Question Time came a statement on Monday's EEC Council of Foreign Ministers meeting in Brussels.

This was followed by a loyal and humble address to the Queen offering congratulations on the forthcoming marriage of Prince Charles and Lady Di.

As a means of taking the heat out of debate what better combination could there be than a Royal Wedding and a long statement on community affairs delivered in the famous montone of Sir Ian Gilmour, Deputy Foreign Secretary.

Mr Healey suggested that the results achieved by Lord Carrington, Foreign Secretary, at Monday's meeting were "pretty exigious" after all the publicity preceding Britain's assumption of the EEC Presidency.

Exigious? As the late President Kennedy once said of Norman Mailer, our Denis is a mean man with a word.

Sir Ian winced with the air of a man accused of stocking a second rate claret. After considerable thought he languidly observed that the achievements of the conference were "modest" rather than exigious."

With this exercise in philology out of the way we were able to turn our minds to the guilded language of the humble address which expressed the great pleasure of the House and the nation

True, there was an uneasy moment when Mr Dennis Skinner, the Labour lad from Bolsover, proposed an amendment urging the Government to change its economic policies to ensure the future happiness of 1m young people unable to find work.

The Speaker, Mr George Thomas, immediately ruled this out of order and the Prime Minister, obviously tickled pink about the great occasion, launched herself on a speech in praise of the "beauty spontaneity and dignity" of Lady Di.

For the Labour Party, Mr Michael Foot, the old Cromwellian, kept an uneasy eye on the present day Levellers of the Tribune Group.

He concentrated most of his speech on a series of jokes about the Royal Marriage Act introduced by George III, but ended up loyally wishing the couple every happiness.

Luckily, Mr Willie Hamilton (Lab. Fife Central), the well-known critic of the Monarch, was absent from the chamber.

John Hunt
Parliamentary Correspondent

EEC withdrawal problems may be underestimated

ANY FOOTBALL MANAGER who tried to rise above his team's failure in the Second Division by assuring them that they would do better in the First could expect to find himself the butt of some unkind jokes.

The Labour Party, which bases its case for withdrawal from the EEC on Britain's prospects of doing better economically on her own, may be laying itself open to similar ridicule.

The present discussions on a policy of withdrawal, agreed in principle at the last party conference, are up for a decision in more detail at the next. This suggests that those formulating the policy may be underestimating the problems, above all in relation to trade, that withdrawal would bring.

Later today Labour's Home Policy Committee and International Committee meet to discuss the policy outlines drawn up by the party's EEC study group, preparatory to a full policy statement being agreed by the national executive committee and presented to conference in October.

Indications are that some of the arguments advanced at this stage need much refinement before they will stand up to close scrutiny. The danger, as many taking part in the discussions, recognise, is that the intense emotional reaction against the EEC will lead conference to approve a sloppily thought-out policy which will prove impossible to implement.

The study group gives trade as a major reason for leaving the EEC. The Community's policy of high protectionism in food trade, where Britain is a major importer, and its much more liberal approach to manufactured goods, where Britain is an uncompetitive producer, are, it says, the exact opposite of what the UK needs.

It says that Britain needs a period of industrial reconstruction, including controls on manufactured imports and subsidies to flagging industries which would be incompatible with EEC rules.

It concedes that introducing these could still be difficult, that Britain's membership of the General Agreement on Tariffs and Trade would impose certain constraints, and that introduction of trade barriers could provoke retaliatory action.

But it does not appear to have considered the possibility that Britain's negotiating in Gatt outside the EEC umbrella may still be ruled out of court on the protectionist measures envisaged, and it has not prepared a fall-back position.

Nor has it examined what retaliatory action might be taken, and what effects it might have on specific industries, regions and jobs.

The study group believes that Britain would as a major importer and an oil-producer be arguing from a position of sufficient strength to overcome the unspecified difficulties it envisages.

But it bases this on the perhaps arguable assumption that the British economy would be rapidly expanding by then, and that the world oil market would be in a state of sufficient crisis for EEC countries to be tempted by the lure of preferential access to British oil.

The study group recognises the importance of preserving close contacts with EEC Governments once their formal basis, the regular meetings of the EEC Council of Ministers, disappears.

It concedes that relations might be uneasy for some time, but suggests that this could be overcome by strengthening bilateral relations at Government and party level.

A Labour Government, it goes onfi would seek to work closely with the European Left.

However, there is no indication that the Socialist Governments of Chancellor Helmut Schmidt or President Francois Mitterrand would be as accessible to a non-EEC Labour Government as to their EEC partners. The French and Germans do not yet appear to have been sounded out.

Nor does the study group appear to have thought much beyond Britain's period of withdrawal and industrial recuperation with a view to relations with Japan and the U.S. Indeed their role in world trade appears to remain outside the scope of the present discussions.

On agriculture, and Britain's contribution to the EEC budget, the study group is on much less controversial ground, largely restating many arguments against the common agricultural policy advanced by the Government.

The group takes a far more pessimistic view than the Government of the prospects of success in re-forming CAP and restructuring the budget, so that less is spent on subsidising the food industry and more on regional and social policies.

Starting from the premise that there is no chance whatever of any significant change in these two related areas, the group says that withdrawal would give Britain direct access to cheap food from Commonwealth suppliers.

It concedes that some form of support, import controls or subsidies, would be needed to protect the British food industry, and that this might affect food prices and taxation.

But it does not appear to have taken into account the changes in the trading patterns of these Commonwealth suppliers since Britain joined the EEC. Nor does it seem to have considered what changes in the EEC itself might result from Britain's withdrawal.

Many of Labour's anti-marketeers have argued consistently that Britain was dragooned into the EEC, and misled into a "yes" vote in the 1975 referendum, by a media and big business campaign which deliberately glossed over the disadvantages membership would bring.

The onus is now on them to come up with arguments for withdrawal which will not, in the years to come, be susceptible to similar charges.

'Close monitoring' for tax aids

BY IVOR OWEN

CLOSE MONITORING of the new business start-up scheme, to ensure that the tax concessions it provides are not abused, was promised by Mr Peter Rees, Treasury Minister of State, in the Commons last night.

MPs approved a series of clauses and amendments to the Finance Bill authorising significant improvements announced since the scheme was introduced in the Budget.

These included provisions to widen the scheme to take in wholesale and retail businesses, as well as manufacturers, and reduce the minimum investment from £1,000 to £500.

Mr Rees acknowledged that the tax remissions made to participants in the scheme were now likely to exceed the £50m, an admittedly speculative estimate, made at an earlier stage of the Bill.

He declined to offer a new figure, but commented that the greater the take-up and the greater the tax loss, the surer would be the indication to the House and the country that it was a worthwhile scheme.

Mr Rees stressed that the main objective of the scheme was to generate additional business activity, and ultimately additional jobs.

"They will make an imaginative contribution to the whole business situation and bring a flow of capital into the small business sector."

Assuring MPs that the scheme would be closely monitored, Mr Rees said: "We are concerned that this scheme should not be discredited by abuse."

Mr Robert Sheldon, an Opposition Treasury spokesman, welcomed the improvements made in the scheme, and pointed out that it was the Labour benches which first suggested that the lower limit for investment be reduced from £1,000 to £500.

But he warned that the Opposition believed that the scheme had been "very heavily oversold" by the Government.

Mr Sheldon had on doubt that the damage caused to small businesses, as reflected by the record number of bankruptcies, by Government policies would not be outweighed by any of the benefits produced by the new scheme.

Wedding crowns

THE ROYAL MINT has produced 20m commemorative crowns celebrating the Royal Wedding and issued them to banks.

The mint expects to strike another 4m crowns by the Wedding day on July 29 and the banks believe this number should meet all demands.

Steel attacks Tories' 'sour society'

By Margaret Van Hattem, Lobby Correspondent

MR DAVID STEEL, the Liberal leader, yesterday threw his weight behind Mr Roy Jenkins's campaign in the Warrington by-election with what he termed an "historic" appearance at Mr Jenkins' final campaign rally. It was the first time, he pointed out, that leaders of the Liberal and Social Democratic parties had shared an election platform.

Mr Steel attacked the "sour society" created by Mrs Thatcher's policies. After criticising her *de facto* incomes policy born of fear and the present los of jobs which would make future union co-operation much more difficult, Mr Steel said the Prime Minister's "unemployment medicine" had produced a visible mood of despair and rebellion among 16 to 18 year olds.

Government set to widen Ulster Advisory Council

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE GOVERNMENT seems ready to allow Republican sympathisers outside the established parties to be nominated to the proposed new Advisory Council in Northern Ireland.

It may include the Irish Independent Party—one of the organisations lobbying on behalf of the H-block prisoners—in the list of parties asked to nominate representatives to the council.

This may well infuriate the Protestant parties but the Government seems determined to get as wide a spread of views as possible on the new council.

The Rev Ian Paisley, the Democratic Unionist Party leader, has already given the proposals for a new advisory body a hostile reception, but the Government seems to be hoping that even if some leading Protestants refuse to let their names go forward for nomination, other members of the Unionist parties will eventually agree to serve on the new body.

If the Government cannot win the co-operation of all the parties in the province, it will probably go ahead and set up the council anyway in the hope that all the parties will eventually see the advantages of being represented on it.

● Dr Garret FitzGerald, the Irish Prime Minister yesterday informally met two members of thet Irish Commission for Justice and Peace—the body which has been trying to liaise in the hunger strike crisis in the Maze Prison outside Belfast.

A Government spokesman strenuously denied that the Government is contemplating withdrawing the Irish ambassador from London.

Partial success for Jenkins, but Labour likely to hang on

Elinor Goodman on the run-up to the Warrington by-election

MR ROY JENKINS went to Warrington to prove that the Social Democrats meant business and to show that he personally could still behave like a politician.

He also, of course, went to get elected as Warrington's next MP. In the last aim, he will almost certainly fail: barring an extraordinary last-minute upset, Warrington will tomorrow return the Labour candidate, Mr Doug Hoyle, to Westminster, and Mr Jenkins will return to London as one of the best known runners-up this century. But in the first two, he can already claim some success.

The acid test of the SDP's credibility will come shortly after midnight tomorrow when the result of the first Parliamentary by-election contested by the party is announced. If the forecasters, who have been practically interviewing each other on the streets of Warrington in an attempt to find out what is happening, are proved wrong, and the SDP does not come a good second with at least 30 per cent of the votes, a deep depression could descend on the new party.

The SDP does seem to have been picking up support among disgruntled Tories and "don't knows" over the last few days.

Yesterday's Mori poll carried out over the weekend showed that though Mr Jenkins is failing to make any further significant inroads into the Labour vote, his support has increased over the last week, from 27 per cent to 33 per cent.

The big losers are the Tories, who at the general election took 29 per cent of the votes.

Mori now puts the Tory share at only 10 per cent.

To be judged a real success, the party's campaign will have to take votes from Labour as well as the Conservatives. But purely in terms of putting the SDP on the map, and of Mr Jenkins's own standing in the party, it has already achieved something.

The campaign has, for the duration at least, humanised Mr Jenkins. Rather to the surprise of his colleagues—and perhaps himself—he has shown every sign of enjoying campaigning, and only occasionally does he withdraw into the cocoon of aloofness for which he was known in Brussels.

He has approached the whole business of campaigning with a degree of enthusiasm verging on the ruthless. Throughout the campaign, he has kept a tally of hands shaken on a little gadget buried deep in his pocket. On Monday, it was standing at well over 5,000 and the numbers were whizzing round like the digits on a supercharged electric clock.

His manner in his walkabouts is a bit like an officer inquiring into the health and welfare of the other ranks, and you do not get the feeling it comes naturally to him.

He has also made some mistakes, like saying how glad he was to be "here in Washington." But if the people of Warrington have not been convinced by him, they have been generally friendly.

Aware of his image as an outsider from Brussels, the party took a conscious decision at the beginning of the campaign to minimise the number of formal meetings, and to concentrate instead on getting him out to meet the people. To achieve this, he has spent long hours in the shopping centre, visited numerous factories, canvassed every night, and done the rounds of the clubs.

In the process of being humanised for the electorate, he has posed with the local rugby league team, been photographed flying through the air on a swing and been triumphantly through the streets to the somewhat inappropriate strains of Aaron Copland's "Fanfare for the Common Man."

Because for the SDP so much hangs on the by-election, the new party has thrown everything—except, of course, probably its most electable candidate, Mrs Shirley Williams—into it.

All the MPs have been up there. On Saturday, you could hardly cross the market place without running into one of the party's four leaders.

The Liberals have also been there in force with David Steel, Jo Grimmond and Cyril Smith all putting in appearances as well as groups of Liberal activists.

Bands of SDP supporters have also been arriving in Warrington. Many of them have been young, politically inexperienced, and a bit naive about the kind of promises given on the doorsteps. So keen have some been that they have canvassed the same street three times, to the irritation of some residents.

In the makeshift headquarters, stalls have been set up selling SDP T-shirts and baseball hats. At the weekend, the Scottish contingent put on a Punch and Judy show, ending on a decidely illiberal note with "Tony the Terrier Benn" being dragged off to the Tower.

All this has contributed to the atmosphere of almost heady enthusiams, bordering, in the case of the younger members, on euphoria. The ex-Labour hands are much less confident and are doing their best to damp down any expectations that the SDP will be anything but a good second.

They know from experience the hold Labour has on a town like Warrington.

Sir Thomas Williams, whose appointment as a judge caused the by-election, had a majority of 10,274 at the last election, and, according to the SDP's own calculations, Warrington is the 550th most difficult seat for the party to win in Britain.

The rows of terraced houses, and large council estates, are the bricks and mortar foundations of the Labour Party.

The factories—mainly producing soap, wire and beer—are set right among the houses, and there are virtually no middle class areas.

In the streets, approximately half the people you meet tell you with absolute certainty that Warrington is a Labour town. A few go on to say it might be nice for a new man to get in, but most add, with only the faintest hint of a question in their voices, "But he won't, will he?"

Anecdotal evidence, and, to a lesser extent, the opinion polls, show the SDP has made some inroads into the Labour vote, particularly among women.

Former Labour voters talk about the party going "Communist," and some seem convinced Mr Tony Benn is already in control, and driving the party straight to Moscow. Others say they will be switching to the SDP because they "want to give something new a chance."

As for former Tories, they seem to be switching to the SDP in large numbers as a straightforward protest against the Government.

All the parties agree that unemployment is the main issue. Compared to other parts of the North-West, it is relatively low in Warrington at 12.8 per cent. It has doubled in the past year and people seem genuinely angry that, as they see it, Mrs Thatcher should have brought unemployment to a town like Warrington which until now managed its own affairs without the blight affecting neighbouring areas like Liverpool.

The riots in Liverpool—and in Manchester on the other side—have increased the importance law and order is assuming in the campaign, but essentially Warrington will be giving its verdict on the Government's economic policies, and on the state of the Labour Party.

Mr Jenkins has made much of the unemployment issue. Half way through the campaign, he launched his "six point plan" to take 1m people out of the dole queue through an increase in public borrowing of between £2bn and £3bn. He has tried to combine this with the other main theme of his campaign: the decay of the Labour Party.

His basic argument has been that Labour is in such a bad way, and is so firmly under the control of the Left, that it could not do anything about unemployment even if it was elected.

At first, Mr Jenkins left the Labour-bashing to his colleagues, like Mrs Williams and Dr David Owen. Yesterday, he produced at his morning press conference a copy of a leader from the local paper in Mr Hoyle's old constituency of Nelson and Colne reminding Mr Hoyle of some of his more unfortunate remarks, like branding the Queen Mother a "hanger on" and describing his visit to Lenin's tomb as one of the highlights of his trip to Moscow.

This new direct attack reflects the frustration in the SDP ranks about the way they feel Mr Hoyle has refused to come out in his full, red blooded colours. Though he is a member of the Left wing majority on Labour' National Executive, and has in the past generally supported Mr Benn, he has very sensibly refused to be drawn during the campaign on where he stands in the Labour Party.

His whole manner during the campaign has made it difficult for charges of Left-wing extremism to stick. Middle aged, and very respectably dressed, with high collar and a little toothbrush moustache he looks more like a draper from an H. G. Wells novel than a political extremist.

Swings and roundabouts for Roy Jenkins

He also has the advantage over Mr Jenkins of coming from the North, and generally looking more at home on the streets of Warrington.

Until the last few days, Labour's strategy has, officially, been to treat Warrington like any other by-election, and to concentrate on attacking the Government. Having Mr Jenkins in the field, Labour says, has just been like having a good Liberal candidate in the contest, and has not affected the way Labour has run its campaign.

Mr Hoyle has insisted that Mr Jenkins is a political irrelevancy. But if Mr Hoyle has preferred not to spend much time dealing with Mr Jenkins, it has not stopped some Labour canvassers branding the SDP candidate as a "traitor" and "over-paid pensioner from Brussels." Mr Hoyle himself has also made much of his opposition to the EEC.

In doing so, he does seem to have touched a chord among the electorate. Anti-Market feeling seems quite strong, and the idea of Mr Jenkins as some kind of superannuated hanger-on from Europe does seem to have caught on among some traditional Labour voters. So too does the idea of him as a "traitor."

So far as Mr Stan Sorrell, the Conservative candidate, is concerned, Mr Jenkins is just another socialist. Mr Sorrell, a London bus driver, will be lucky to save his deposit. He defends Mrs Thatcher with a highly simplified version of what she was preaching about the unions and good housekeeping during the last election.

The resident Press treat him as a bit of light relief with which to start the day before getting down to the heavy business of Mr Jenkins and Mr Hoyle. The one issue Mr Sorrell, an unreconstructed Right-winger, has made his own—and he was going hard on it before the riots—is law and order.

Also in the field are nine other candidates of varying degrees of crankiness. But the contest is essentially one between Mr Jenkins and Mr Hoyle. The polls suggest that Labour, which in the General Election got 61 per cent of the votes, will go down to perhaps 58 per cent or so and that the SDP will get at best around a third of the votes, largely at the expense of the Tories.

Polling over the last few days suggest a further erosion of the Conservative vote to around 10 per cent, but that, despite all the SDP's efforts, the Labour vote is holding up very well.

In a safe Labour seat, there will obviously be an element of tactical voting. For this reason it will not be possible to translate the result automatically into a general election result. A rough guide will be to add 5 per cent to the SDP vote to get the comparable national figure. If the SDP does get over 30 per cent and makes some in-roads into the Labour vote, the organisers will claim to have done well. This will imply over 120 seats at a general election.

At this level every percentage point brings a disproportionate number of seats nationally. If the SDP can boost its share of the Warrington vote to 33 per cent, for example, that would translate into over 225 seats on the basis of the 1979 election results.

Then, the SDP could claim that it really had a chance of busting the present two party system.

But as far as the young hyper-enthusiastic helpers in Warrington are concerned almost anything but a victory for Mr Jenkins will be an anti-climax.

GENERAL ELECTION

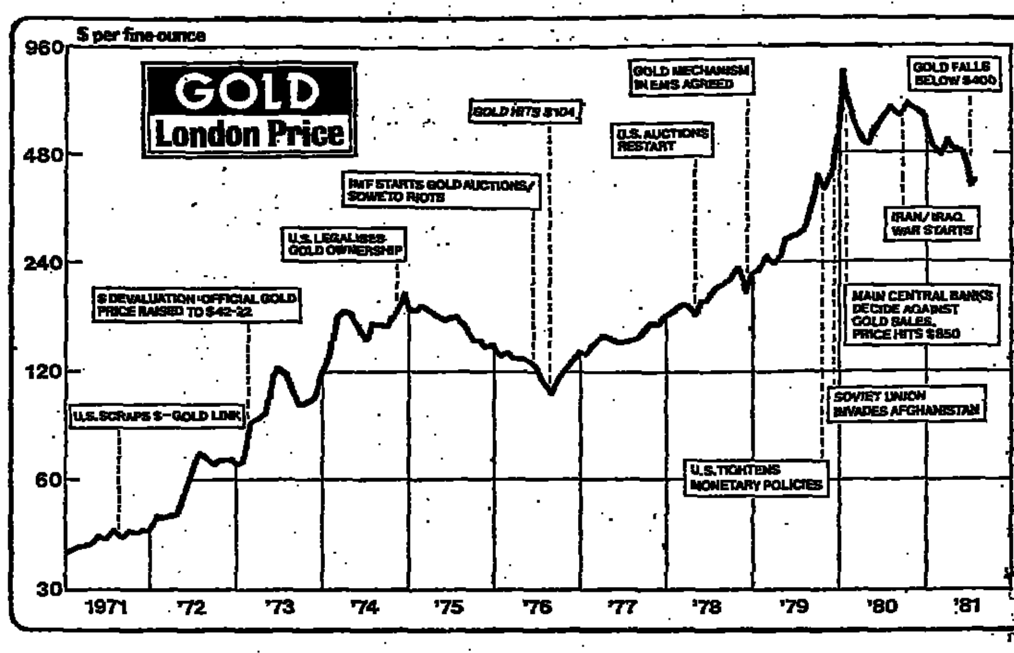
Sir Thomas Williams (Lab Co-op)	19,306
G. Povey (C)	9,032
I. B. Browne (Lib)	2,833
C. Campbell (Social Democrat)	144
Lab Co-op Majority	10,274
Electorate	43,932

FINANCIAL TIMES SURVEY

Wednesday July 15 1981

GOLD

Gold has dipped well below half its peak price of eighteen months ago, a degree of fluctuation which qualifies it to be described as a volatile commodity. For all that, it has remained closely held in the vaults of the world's central banks — although price swings have lessened its appeal to individuals as a refuge against inflation and other ills.



Riding on the big swings

By David Marsh

THE FIRST law of the market-place—that what goes up nearly always comes down, invariably with a bump—has never been better demonstrated than on the international bullion market during hte past 18 months.

In January 1980, in the fevered aftermath of the Soviet invasion of Afghanistan, some of the wilder gold-watchers saw the price explosion to $850 per ounce as the springboard for a jump to $1,000 and beyond. Sentiment has now turned completely, with the price collapsing to around the $400 level this month — a product of an easing of political tensions, the sharp world recession and, of course, the star performance of the dollar, backed by record U.S. interest rates, on the foreign exchanges over the past year and a half.

The price swings have emphasised once again the metal's sensitivity to the way the international investment community reads the pattern of world tensions. But gold has also been thrust into the political limelight for another reason.

At a time when the bullion price is being swayed as never before by pundits who form their judgments based on a mixture of fear, greed and mythology, it might be thought that the international monetary importance of the metal would be ebbing. In fact the opposite is the case.

Central banks and official institutions from the oil exporters and other developing countries have become heavy purchasers of gold during the past two years or so, seeking to ape the old-established central banks in the West whose large gold holdings (even at the reduced price) make up the lion's share of their reserves.

If this were not enough to confirm that the metal has undergone a monetary renaissance, the industrialised countries, too, while not buying, now see their gold stocks hoarded over the years as being too valuable to sell. Despite the clearly exaggerated price rise last year, which offered sizable profit opportunities to gold-owning countries in the West needing balance of payments finance, only Canada was either quick-witted or courageous enough to sell part of its holdings.

Instead, attention switched to the "invisible" ways of using gold to help plug payments deficits—either through collateralisation (in an explicit or implicit sense) or, within the EEC, through the mechanism which turns countries' gold reserves smoothly and painlessly into European Currency Units.

Supporting

The absence of sales by the U.S. Treasury and the International Monetary Fund last year (the IMF too thinks its remaining stocks of 3,200 tonnes will come in useful to back any commercial loans it may have to raise) was an important factor supporting the price last year.

Smaller countries in desperate financial straits from time to time had to turn to the last resort of gold sales (the most recent publicised example is Costa Rica). But the combination of developing country purchases and the industrialised world's refusal to sell was a net increase in overall world official gold stocks last year for the first time since 1972.

Contrasting with heavy selling by the private sector, official stocks could show another increase this year. The last word in this saga, of course, has not yet been written. The gold price could indeed recover, justifying the investment decisions by those Opec members which channelled large chunks of their oil revenues into the yellow metal last year.

Some of the more quixotic oil exporters, particularly Libya, would also argue that their purchases lately have been dictated not so much by the expectation that the price would rise as by a desire to buy an international asset that can be kept safely at the home central bank's vault free from possible Western interference.

All the same, an interim summing up of the state of play would be that the private gold owners around the world who have been heavy sellers of hoarded metal during the past 18 months have got their timing right—and the central banks have got it disastrously wrong.

There has been a sense of *deja vu* about the volatility of the past 18 months. The fall has been of an order of magnitude similar to the price collapse from close to $200 at the end of 1974 to just above $100 in autumn 1976. However, the gyrations this time round have been more acute. The latter period has encompassed two spells (January to March last year and September 1980 to July 1981) each containing price falls of about 45 per cent in dollar terms (although, because of the dollar's strength, the latest fall has been only 28 per cent measured in Swiss francs).

These enormous price swings—which look likely to set the pattern for the foreseeable future—are due to a combination of factors. The first is the sheer size of the worldwide market, in which the number and breadth of participants has increased dramatically during the past few years.

Apart from the much greater role of Opec investors (both buying and selling), other new influences include the growing investment importance of gold in Japan, the entry into the market of more institutions and commercial banks (the most notable example has been Morgan Guaranty) and the active two-way trading — and sometimes outright speculation —carried out by a handful of Third World central banks.

Complemented

Second, the futures markets, now established not only in New York and Chicago but also in the Far East and Sydney, and soon to be complemented by London, have become at times more important than the physical markets in determining price movements. Heavy trading in silver futures during the Hunt affair in 1979/80—and more recently during the slide at the end of June and earlier this month—has also tended to spill over into increasing volatility in gold. On the whole, though, volume on the U.S. futures markets has been a good deal lower during the past year or so compared with the levels at the height of the Hunt manoeuvrings—although there are signs that it is beginning to pick up again.

Third, and most intriguingly, the big gold producers have become more sophisticated at playing the market themselves. South Africa and the Soviet Union have both swung through the same changes in financing needs during the past two years and also—whether through accident or design—tend to run their sales policies broadly in tandem. These factors together have tended to sharpen both the upward and the downward movements in the gold price.

Crucially, both the world's top two producers look likely to run current account deficits this year after being in the exclusive club of surplus countries during 1980. Their need to sell gold will increase as a result. This sets up a vicious circle (from their point of view) in which the price is pushed down by producer selling, thus increasing the volume of gold needed to be sold for the same quantity of foreign exchange—which pushes the price down still further.

All this is in contrast to the situation last year, when both countries were able to withhold significant portions of their production from the world market because of their healthy financial positions. South Africa has already admitted that it is likely to sell all its production this year (last year it stocked up reserves by 65 tonnes). If the price fall continues it could even be forced to pledge some of its reserves by borrowing foreign exchange under gold "swap" arrangements with Swiss banks, along the lines of previous transactions carried out during the 1970s.

Soviet sales through Zurich seem to have been quite appreciable a few weeks ago, according to Swiss bullion dealers, although they have dried up during the recent sharp price fall. Soviet sales last year were believed to have been 80 to 100 tonnes—the lowest since 1971—but seem likely to increase during 1981.

Information about exactly what Moscow is doing has become harder to gather since Switzerland stopped publishing customs statistics on gold movements at the end of last year. This followed a similar decision in 1977 by the British authorities stopping publication of UK gold import figures. Since February this year British gold export figures too have remained unpublished because of the civil service dispute.

Explanations

Having fallen steadily since its high point of $720 last autumn on the outbreak of the Iraq-Iran war, gold has failed to rally in spite of the successive crises over Poland, Syria and the Israeli raid on Iraq. Analysts have two explanations. Either gold these days is more sensitive to the Reagan Administration's resolve to screw down inflation than to political developments or else the freeing of the American hostages in Iran and the slight improvement in East-West relations have outweighed the worsening of strains elsewhere in t[he] world. Of the two, the seco[nd] is more convincing.

With commercial and inve[st]ment buyers around the wo[rld] currently waiting to see [the] price go a little lower bef[ore] they resume purchases, [and] even one or two of the ne[w-]found gold enthusiasts amo[ng] central banks now starting [to] show more caution, the end [of] the bear market is not yet [in] sight.

Even Far East investors, w[ho] were an important source [of] physical demand in the first fe[w] months this year, now seem [to] have become less active.

Demand is only likely to pi[ck] up again once U.S. intere[st] rates demonstrate a clear dow[n]ward trend—which has been t[he] unfulfilled hope of investor[s,] borrowers and central ban[ks] around the world for more tha[n] a year now.

Meanwhile, sorry-eyed bulli[on] buffs looking for that mag[ic] $1,000 level surely do not ne[ed] reminding that they alread[y] have a risk-free opportunity [to] double their money in fi[ve] years—simply by investing [in] U.S. domestic bonds, current[ly] yielding 15 per cent.

CONTENTS

Mine production unlikely to rise significantly

WORLD SUPPLY

DAVID MARSH

THE MASSIVE fluctuations in the gold price during the past few years, even if on a steadily rising trend, have done little to settle the minds of gold producers around the world.

The sharp rise to an average price of $612 per oz last year encouraged prospecting for fresh gold deposits in five continents.

But in view of the long lead-times required to establish new mines, and the considerable uncertainties not only about the long term gold price but also financing costs, it seems unlikely that world production will rise significantly in the next few years.

This is in spite of a bullion price which, although at its lowest since November 1979, is still 12 times higher than the old official price of $35 a decade ago.

Pooling a number of different gold industry analysts' views, one estimate of the likely increase in annual world production during the next five years would be about 75 to 100 tonnes from the present output figure — including Communist countries—of between 1,250 and 1,300 tonnes.

After the mid-1980s production could start to decline again, mainly reflecting a downturn in South Africa, which accounts for 70 per cent of non-Communist world output.

This limited supply of new production may prove fundamental source of support for the price in coming years. But after the enormous flow of gold back on to the market last year from bullion hoards all around the world, no-one needs reminding that the annual total of newly mined gold is only a small component in the overall supply picture—making up just over 1 per cent of overall world stocks of the metal.

Leaving aside the number 1 producer, South Africa, where production is likely to fluctuate around present levels during the early 1980s, there are three main areas where output may be expected to increase modestly during the next few years.

The chief industrialised country producers, the U.S., Canada and Australia, could add 15 to 20 tonnes between them up to 1985, although new mines coming on stream may have relatively short lives.

Developing country producers, above all in Latin America, led by Brazil, may produce another 30 to 40 tonnes. The top two Communist producers, the Soviet Union and China, are both making every effort to boost output.

Although forecasts are obviously highly impressionistic, and little of any additional production may actually come on to the market, observers feel the two countries could produce another 40 tonnes or so over the next five years.

South Africa is likely to keep production roughly in the current range of 670 to 700 tonnes for the next five years or so, although there could be minor fluctuations in either direction according to price movements.

After the mid-1980s, annual production is likely to fall off gradually until the end of the century as mines are generally worked out. By the year 2000, annual output could be down to 350 tonnes—only about a third of the 1,000 tonnes produced in 1970.

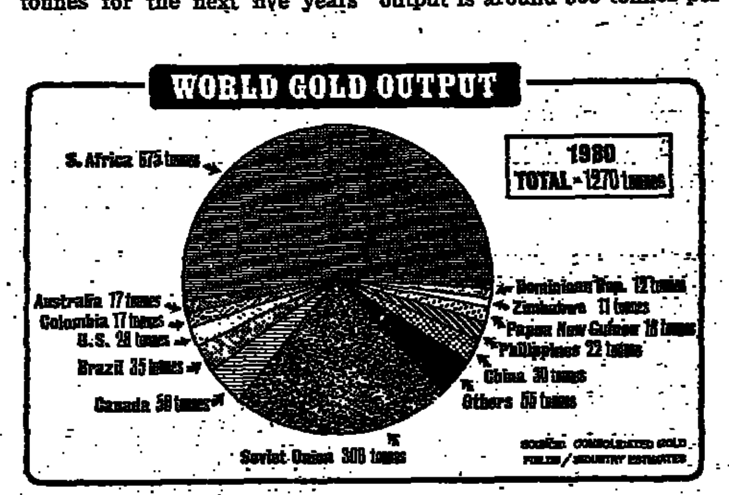
According to an estimate by the South African Chamber of Mines earlier this year, output in 1981 would be about 665 tonnes, assuming an average price of $650 per ounce, and would rise to 670 to 675 tonnes at an average price of $550.

Even though the price has fallen some way below that, actual mining production may remain around last year's level of 675 tonnes—a 20-year low—or may even fall slightly beneath that. This is because the mines need time to switch to high-grade ores: many of them are still working the low-grade reserves to which they moved after the higher prices of the past few years.

The South African Reserve Bank has already indicated it will be selling practically all this year's production, in contrast to last year when significant amounts were held back from the market.

The South African mines have obtained permission from the Reserve Bank to lower the risks of fluctuating prices by selling some of their production on the gold futures market.

The Soviet Union remains as enigmatic as ever in its position as the world's number two producer. After a period in which its production was estimated at an annual 400 tonnes or so, the consensus among western gold analysts has swung in recent years to the view that output is around 300 tonnes per annum. This meant the Soviets were running down reserves during their bout of heavy selling in the late 1970s—and explains Moscow's desire to hold back production from the market during the last two years.



According to the U.S. Bureau of Mines, which estimates Russian output at about 260 tonnes, slightly lower than other observers — production could increase at about 2 per cent a year in the next five years.

Canada, the world's third largest producer with annual output close to 50 tonnes, is likely to increase its gold mining capacity by several tonnes over the next few years as more operations come on stream.

The rise in price during the late 1970s has encouraged a good deal of exploration activity, and several new gold mines are preparing to start up. These include the Lupin project in the North West Territories and the low grade open-pit mines at Detour Lake (Ontario) and Queen Charlotte Islands.

However, gold analysts believe Canada could be overtaken in the number three spot at the end of the 1980s by China. Gold has been discovered in most of its 26 provinces and autonomous regions, and China is keen to enlist Western help in exploiting the metal. By 1984 or 1985, output could double from its present level—thought to be 25 to 30 tonnes a year.

Production from the U.S. will increase as a result of recent discoveries. This year several production projects are due to begin in Nevada, while Homestake Mining, the largest American gold-mining company, has discovered one of the largest U.S. finds this century in northern California. The mine—in northern Napa county—is thought to contain 90 to 100 tonnes of gold—three times as much as first thought when the seam was found last year. The mine could be in operation by 1984.

The higher gold price has triggered off a fresh round of prospecting activity in Australia, mostly around the old gold rush towns of Ballarat and Bendigo in Victoria.

But the real 1980s gold rush has taken place in Brazil, where production spurted to 35 tonnes last year, according to Consolidated Gold Fields' estimates, or three times the level of the mid-1970s. Much of the output came from alluvial deposits mined by enthusiastic individual prospectors called garimpeiros, who until recently operated almost entirely outside Government control.

Gold analysts have brushed aside official Brazilian reports suggesting that output could leap to 300 tonnes by the mid-1980s. But a figure of 100 tonnes by the end of the decade is regarded as feasible. If output really does rise to this level and the gold price remains firm, bullion could play a part in reducing the country's foreign debts.

Another country with big gold mining plans is Ghana, where production reached a peak in the early 1960s but has declined. The Government is trying to attract overseas finance to revitalise the flagging industry during a 20 year period. Western analysts are sceptical of grandiose Ghanaian claims that the country will one day challenge the gold mining supremacy of South Africa and the Soviet Union. Nevertheless, a small start was made last year toward reviving production. Provided the domestic political climate remains stable, progress should be made during the next few years.

Firmly held by central banks

MONETARY ROLE

DAVID MARSH

TOP TWENTY HOLDERS OF MONETARY GOLD

(tonnes)

1	U.S.	8,217	11	Portugal	690
2	West Germany	3,700	12	Austria	657
3	IMF	3,200	13	Canada	650
4	France	3,182	14	Spain	454
5	Italy	2,592	15	China	398
6	Switzerland	2,590	16	South Africa	381
7	Netherlands	1,708	17	Venezuela	356
8	Belgium	1,328	18	Lebanon	287
9	Japan	753	19	Australia	247
10	Britain	732	20	Sweden	189

Source: IMF (includes holdings in European Monetary Co-operation Fund).

CENTRAL BANKS represent one group of institutions which have become only too well aware during the past 18 months of the risks of dabbling on the gold market.

Official bullion purchases from developing countries, both within and outside Opec, have risen strongly since gold's great leap forward at the end of 1979. This was the main reason behind an overall increase in world reserve stocks of gold last year—the first such rise since 1972 and eloquent proof that the metal has indeed returned to an important though no longer official role in the world monetary system.

Since the gold price has, however, more than halved since the heady days of $850 an ounce in January 1980, many of the Third World's enthusiastic gold purchasers are now sorely regretting that they did not leave their money in appreciating dollars yielding 15 per cent and more.

The big gold holders among the industrialised countries may now, on the other hand, be sorry that they did not take the opportunity of cashing in on last year's price rise by selling part of their stocks at above $600 an ounce.

On the day in January last year when the gold price touched $630 per ounce for the first time (on its way up to $850), the industrialised world's leading central banks, meeting in Basle, ruled out any concerted sales to help push down the price.

Many of those central banks—including the West German Bundesbank, the Bank of France and the National Bank of Belgium—later that year had to help arrange large-scale foreign borrowings in order to finance their countries' current account deficits.

With the benefit of hindsight, it might now be argued that had they plucked up the courage to sell gold, these countries would have saved themselves a great deal of money—and would also have given the world an important new lead demonstrating the flexible uses of bullion reserves.

The renaissance of gold's international monetary role has been taking place slowly during the past two or three years. But there seem unlikely to be any dramatic initiatives from the main industrialised countries to speed up the trend.

The industrialised country club of the Group of 10 and Switzerland, which together owns some 80 per cent of the world's monetary gold, is broadly content with the status quo.

Following the missed opportunities of last year, no major industrialised country (apart from Canada, which could continue the sales programme of last year) seems likely for the moment either to buy or sell. There are however some intriguing possibilities for the future — Switzerland may toy with the idea of adding to its stocks, and no-one knows yet what the new French Government's attitude is to gold.

Painlessly

Several EEC countries, notably those like Belgium perennially troubled by currency worries, are happy to rely on the scheme within the European Monetary System which allows members to use their gold reserves by covering them painlessly into transferable European Currency Units. With this scheme in place, they do not have to go to the trouble and drama of actually selling any of their holdings.

The U.S., which accounts for nearly a quarter of official gold stocks, is still making up its mind on what its bullion policy should be. A commission of Congressmen and others inquiring into gold's monetary role has been set up by the U.S. Treasury and is due to report by the autumn.

The U.S. Treasury has been urged by the South Africans and other gold enthusiasts to revalue its gold stocks to a marketed-related price (America is the only major gold-owner apart from West Germany and Switzerland that has not done this) and also, more radically, to return to a fixed dollar-gold link.

For the moment, however, such drastic moves along the path back towards official remonetisation seem unlikely. The Reagan Administration's present gold policy is summed up in two comments by Mr Beryl Sprinkel, the Treasury under-secretary for monetary affairs: first, that the U.S. is likely to hold on to its gold stocks for the time being (the last Treasury auction was in November 1979, although small amounts continue to be sold through the Government's gold medallion sales programme); and second, that as America's efforts to beat inflation bear fruit the bullion price naturally is likely to fall.

Among the investors who have been painfully aware of Mr Sprinkel's second point are the two dozen or so central banks and official institutions from the Third World which have become active dabblers on the gold market.

Total official purchases last year have been put by Samuel Montagu, the London merchant bank and gold dealer, at 425 tonnes. Buying by official institutions in the Middle East and elsewhere has continued this year. But, not surprisingly, activity has begun to wane as the price has dropped down to near the $400 per ounce level.

It may be that some central banks (several of which have become active two-way dealers rather than accumulators) have sold off stocks during this period.

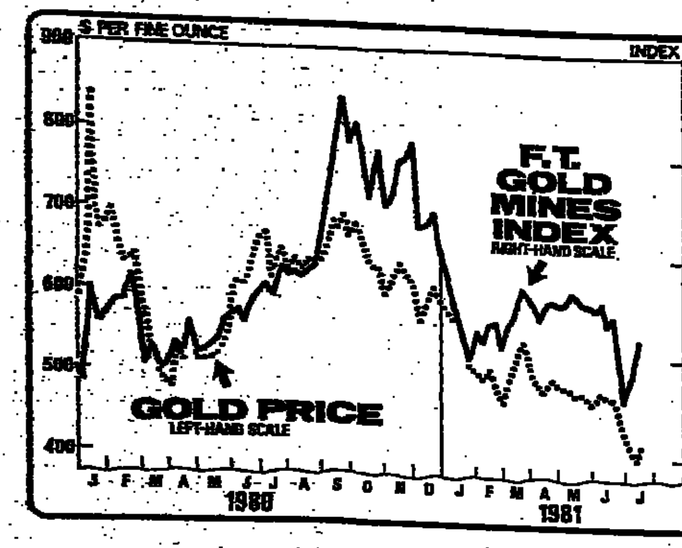
The main buyers last year were from the oil exporting countries — Indonesia, Iran, Iraq and Libya. Some gold buying has also been reported from official bodies in Kuwait and the United Arab Emirates.

Many of the Opec States keep their gold activities shrouded in mystery. Iraq stopped publishing statistics on bullion reserves at the end of 1977 — coinciding with the time, it is thought, when it started to become a large-scale buyer. Iran also publishes no up-to-date figures, although both it and Iraq were identified in Swiss and British export statistics last year as transporting large quantities of gold from the two key European bullion centres back home to Tehran and Baghdad. Singapore — another State which has extensive official gold-dealing activities — also publishes no details about its reserves of the yellow metal.

Indonesia

Two of the largest gold accumulators among Opec—Indonesia and Libya—have, however, allowed Western observers to gain an insight into their gold buying through the figures they give to the International Monetary Fund. The Bank of Indonesia spent more than $1bn buying gold last year—believed to have been the largest annual volume of foreign exchange ever committed to bullion purchases by any central bank—and has kept up the purchases this year. This is despite some embarrassment in Jakarta about the fall in the gold price, which has left the central bank with large book losses.

Reserve accretions by countries like the Philippines, Brazil, Colombia and Peru, which are themselves gold producers, both add to central bank demand and also tend to reduce supply coming on to Western bullion markets. The same programme of steady reserve accumulation by producing countries is also followed by the Soviet Union and China, both of which also have active trading operations—buying and selling—in the big bullion centres. China this month published figures detailing its gold reserves for the first time—around 400 tonnes, or roughly the same as South Africa's.



Quality still the best yardstick

SHARE MARKET

KENNETH MARSTON
Mining Editor

THE SECRET of making money in share markets, as everybody knows, lies in the timing of purchases and sales. The accompanying graph of the FT index of South African gold mining shares, aligned with the gold price, while covering a relatively short period from the beginning of last year to date, shows clearly the opportunities that presented themselves in that time for making good money—and for losing it.

What everybody does not know, of course, is how to get the timing right. Even so, the potential rewards offered, both in capital gain and in high income, will always attract the nimble-footed investor and those who, mistrusting paper currencies generally, feel that a small proportion of funds invested in shares of a good class gold producer is not a bad insurance policy.

Throughout the world the rise in the gold price from just over $100 per troy ounce in 1976 to the peak $850 in January of last year stimulated gold mining activity. In Canada earnings blossomed for companies such as Giant Yellowknife and Agnico-Eagle, while in Australia the entrepreneurs, who lose no time in spotting a new bandwagon, busied themselves in the search for new mines and the reopening of old ones.

In South Africa, far and away the world's biggest gold producer and home of some of the finest mines, prudent mining practice and Government decree led to the mining of a much larger proportion of the lower grade ore which had been unpayable in the past.

Thus there was no increase in the amount of South African gold produced, but the higher gold prices far outstripped the increased working costs to provide a bonanza in mine earnings and in tax payable to the South African Government under its sliding scale formula, which ranges to over 70 per cent of the profits of the most successful mines.

While this was happening a marked change began to develop in the South African gold share market sentiment. In previous years a dominant factor in the market had been the fear of the country's internal political situation.

Discount

Ever since the Sharpeville tragedy back in 1960 a "political discount" had applied to South African share prices generally and in consequence there were relatively generous dividend yields.

The justification for this cautious approach to South African investment was seen in June 1976 when the Soweto Township uprising caused the FT index of South African gold mining shares to drop 23 per cent in two weeks.

Since then, however, the share market, rightly or wrongly, has become much less susceptible to South Africa's domestic politics, although any major upheaval would undoubtedly hit share prices hard.

These days the market is much more dominated by the course of the bullion price which, in turn, is now less swayed by world political events—such as the war between Iran and Iraq—than by cold economic facts.

During what passed for spring this year, gold share prices broke away from the bullion price to follow a rising course while the latter was heading downwards. At time of writing the gap between the two has narrowed.

One reason why gold shares appeared to be acting better than the metal price was the impact of sharply increased dividend payments. It is worth bearing in mind that although the share market can be volatile, to say the least, the companies it represents are mostly of high calibre and unlike some of the fly-by-night mineral exploration stocks elsewhere.

The good quality South African gold issues are now showing dividend yields of 20 per cent and upwards, a reflection of the fact that the mines adopt a liberal distribution policy of paying out all available earnings and holding back only those which are needed to finance ongoing capital expenditure.

By the same token, however, dividends are ruthlessly cut back when earnings fall; there is little or no cushion of reserves. But there is a cushion in the form of the sliding scale tax formula which also allows mines to set capital expenditure against earnings.

Furthermore, the recent strength of the U.S. dollar, in which gold is priced, has meant that mine revenue in South African rands from gold sold for dollars has not fallen to the same degree as has the dollar price of gold.

For example, when gold was standing at $600 the rand equivalent was R436; at the recent price of $430 the rand equivalent was R380. Thus the fall in the dollar price of 28 per cent compared with a fall of 12.8 per cent in rand terms.

Even so, profits and dividends can be expected to come back sharply if there is no recovery in bullion prices, which have fallen to around half the 1980 peak level. The low-grade—or marginal—gold mines, however, which could run into losses have the support of South Africa's state assistance scheme which still allows a loss-making mine to pay a dividend.

Requirement

But not many mines are likely to reach that position, even at a gold price of $400. Despite last year's rise of an average 18 per cent in working costs, only six out of 40-odd mines had a break-even gold price requirement of over $400.

As many as 15 of them could still make a profit at a price of only $200. But costs continue to rise—possibly by 20 per cent this year—and so gold prices have to move up by broadly the same amount in order to maintain revenues.

One way of fighting the cost battle and ensuring the exploitation of lower-grade ores is by merging the operations of neighbouring mines. Thus we are seeing the development of what have become known as the "supermines." Examples are the enlargement of Western Holdings with Free State Saaiplaas and Welkom with the object of tackling the nearby low-grade Erfdeel-Dankbaarheid area.

Then there has been the creation of the world's biggest gold mining complex, a £1.7bn deal for the merger of the high-grade East Driefontein and West Driefontein mines into Driefontein Consolidated as part of a scheme to mine the Ventersdorp Contact reef at the adjoining North Driefontein area.

The heavy fall in the gold price in recent times is bound to excite the attentions of investors looking towards recovery prospects in the share market. The basic reasons for the fall in gold have been high U.S. interest rates, which increase the attractions of low-risk investment elsewhere, and the slowing down of inflation.

But, it may be argued, the chances of high interest rates lasting indefinitely are far less than those of inflation having a long course to run. The investor who takes this view then comes back to the all-important question of timing: has the fall in the gold price now run its course?

While nobody knows the answer to this one, it may be helpful to bear in mind the share trading advice which has stood the test of time: "Nobody gets in at the bottom of a market and gets out again at the top, so be prepared to take a little of the piece in between and leave some for the other man."

When there seems some prospects for recovery, and the better quality shares are looking cheap, these are the ones to buy. On this basis, those wanting to move into gold shares should consider the high gold grade and lower-cost mines.

There are plenty to choose from. They include: Driefontein Consolidated, Hartebeestfontein, Kloof, President Brand, Vaal Reefs, and Western Holdings.

Bullion price dictates levels of purchasing

PRIVATE HOARDING AND JEWELLERY

GEORGE MILLING-STANLEY

THERE IS obviously no means of assessing accurately the amount of gold that has been mined since man first fell victim to the yellow metal's allure, but most experts seem to agree that a figure of 100,000 tonnes would not be too wide of the mark. With some 30,000 to 40,000 tonnes of this known to be in official reserves around the world, that would appear to leave something over 60,000 tonnes in private hands.

Of course, much of this gold has been lost completely, while a considerable amount is lying at the bottom of the sea in what remains of wrecked ships, and may well continue to prove unrecoverable without the expenditure of even more money than could be realised from a salvage operation.

At a recent conference in London's Goldsmith's Hall, Mr Dennis Etheredge, head of the gold and uranium division of Anglo American Corporation of South Africa, the Western world's biggest single gold producer, touched on this subject. Letting his gaze stray around the gold-bedecked ceiling and picture frames, he pointed out that even much of the gold on dry land is not in a form which would make it readily available to the market.

He also expressed his continued surprise at the fact that around 70 tonnes of gold goes into people's teeth every year, and is thus unlikely to come back on to the market.

Nevertheless, there is a significant amount of gold in various forms in private hands around the world, perhaps as much again as is currently known to be held in official reserves. Certainly, the amount of gold overhanging the market is large in relation to current Western world output of under 1,000 tonnes a year.

This gold is mostly in the form of bullion, coins, jewellery and industrial products of one sort or another, and it represents a significant depressing factor at times of rising prices. There have been two major price advances over the past 10 years, and sales from the private sector, or "dishoarding," played a substantial part in halting them both. These sales also contributed to the subsequent heavy falls in the gold price.

It now looks as though dishoarding will play a major role in the course of the gold price in the future, and Mr David Potts, chief gold analyst with Consolidated Gold Fields, has said that it could be one of the factors which will delay for several years what he regards as the inevitable march of the bullion price beyond the $1,000 an ounce mark.

There was one major difference between the two big shake-outs of the past 10 years. When gold peaked at $197 in the mid-1970s, the International Monetary Fund and the U.S. Treasury were both conducting big selling programmes which did at least as much as sales from the private sector to depress prices.

In 1980, however, when gold reached its all-time high of $850, sales from the official sector were only a minor influence, thus increasing the importance of the role played by dishoarding. The Middle East and the Far East, excluding Japan, were the major sources of dishoarding during 1980.

Difficult

The sort of price levels which would lead to dishoarding on a similar scale in the future are difficult to predict, as they are related to the prices at which individuals bought their gold.

One thing is known for certain—dishoarding in 1980 began much closer to the eventual price peak than in the mid-1970s, and this is probably because many people had bought gold close to the top of the previous cycle, after being attracted into the market by the enormous publicity the gold price was receiving at the time. It is probable that something similar happened in early 1980, which suggests that the $800 to $850 level of the next upward cycle will cause a sizable shake-out as people who bought close to that level on the last upswing take what profits they can.

During the recent softness in the gold price there have been signs of a renewed firmness in demand from the private sector, notably in Japan, but it is still too early to predict what effect this will have on prices.

Experts seem agreed that the U.S. will become the main component of private sector investment in gold during the 1980s, as inflation rates remain high despite the determined efforts of governments to reduce them. This would mean U.S. citizens taking on the role played in the past by the buyers in the Indian subcontinent, France, and more recently West Germany.

Again, it is impossible to forecast what effect this will have on the bullion price. It is likely to remain volatile, however. To quote Mr Etheredge once more: "If even 1 per cent of the money in U.S. pension funds were invested in gold, it would be enough to tear the market apart."

The high average bullion price prevailing during 1980 also had a marked effect on the amount of world gold production which went into carat jewellery. It has been estimated that private sector holdings of carat jewellery rose in 1980 by only about 120 tonnes, a sharp reduction on the level of increase of more than 700 tonnes in 1979 and over 1,000 tonnes the year before.

The massive dishoarding which took place in 1980 from the Middle East has already been mentioned, and this contributed to a net fall of some 150 tonnes in holdings of carat jewellery in the developing countries as a whole. This was only partially offset by increases in the developed countries.

Biggest

Italy is the biggest single producer of carat jewellery in the world, with output of something like 100 tonnes in 1980. Much of this came not from new mine production of gold but rather from the melting down of stocks in the hands of manufacturers, wholesalers and retailers.

This metal was turned into lighter items, a trend which has become apparent recently — the other way of reducing the cost of individual items of jewellery, cutting caratage, is not one that has been adopted by the Italian manufacturers, at least in the domestic market, which comprises 18-carat jewellery only.

In the U.S., the second largest producer, there was a marked trend towards both the manufacture of lighter items and a cut in caratage. Apart from the high average price, the volatility of bullion has been adduced as a major reason for the weakness of the jewellery market in the U.S., as it both inhibited purchases by retailers and consumers and complicated planning at the manufacturing level.

Japan also increased its holdings of carat jewellery, and here the interesting point is that only an estimated two tonnes of dishoarded gold was used in a total figure for fabrication of 28 tonnes. The trend towards the manufacture of lighter items is becoming apparent in Japan too.

All of this was bad news for the gold producers, who have been talking for months about an eventual upturn in the amount of their output which goes into jewellery. With the high prices prevailing over the last 18 months or so, stocks in the jewellery trade have been pared to the bone, and the major producers are looking to the restocking which will have to occur some time soon to lead a revival in overall demand.

The broad downtrend in the gold price which became apparent in the spring of this year, and accelerated rapidly towards the end of June, led some jewellery manufacturers to make some tentative forays into the market with a view to rebuilding stocks.

Provided that the next cyclical upward movement in the gold price is not felt to be too rapid, this trend can be expected to continue.

London market will complete world coverage

FUTURES TRADING

JOHN EDWARDS
Commodities Editor

THE INTRODUCTION of futures trading in recent years has added a new dimension to the marketing and pricing of gold.

But the proposed launch of the London gold futures market does not appear to be going all that smoothly. Last week it was announced that because of the change of heart about where the market should be sited the launching, originally scheduled for September 7, has been postponed.

Originally it was planned to hold gold futures trading on the London Metal Exchange premises in three sessions when the other markets there were not operative. Now it has been decided that this puts too much constraint on trading hours and an alternative trading centre is being sought. Hence the shock decision at a late date to postpone the opening. The delay was not entirely unexpected, however, since problems regarding membership and the clearing house system needed by the market have yet to be properly resolved.

London will be the first gold futures market in the European time zone (which includes the oil-rich Arabs, devotees of gold) and it will complete the 24-hour cycle so that it will be possible to obtain round-the-clock protection against price fluctuations which futures trading provides.

The movements in futures are a powerful — some would say dominating — influence over the price paid for gold actually traded physically. Sentiment, so well reflected in the futures markets, is a far more important ingredient in deciding the price of gold than the supply-demand factors that normally control the cost of other metals. At the same time futures markets have spread interest in gold to a much wider audience than in the past by enabling speculators and investors to go in and out of trading in gold on a 10 per cent margin without having to lock up the large sums required for physical ownership of gold.

Futures traders can sell gold they do not possess, if they think the price is due to go down, just as easily as buying on expectations of a rising market. They can, and increasingly do, also react quickly to any political or economic development that affects the value of "paper" money—whether inflation fears or currency changes. This constant movement in futures inevitably affects the price of gold and partly explains its increased volatility.

At the same time one of the prime objectives of the futures market is to provide insurance against price fluctuations by the use of hedging—that is, using a transaction in "paper" futures to offset a physical commitment. Since the industrial use of gold is relatively small, the main trade users of the futures market are the mining companies wishing to "fix" prices ahead and companies or individuals wanting to protect the value of their stocks.

A large holder of krugerrands, for example, could protect their value by selling on the futures market. If the value of the coins falls, then he makes a profit by being able to buy his futures contract back at a lower price. If the value of the coins goes up, however, he loses money on the futures transaction.

Hedging in futures in this way is not aimed at making a profit but at obtaining protection against a loss; it is the very opposite of speculation. It could be claimed that gold mines, which fail to hedge, are the real gamblers, risking the financial viability of the company.

It is for this reason that the South African Government decided this year to allow gold mining companies to use futures if desired.

The spectacular increase in the influence of futures market can be traced back to 1975 when the U.S. abolished the ban on private citizens' ownership of gold bullion. This enabled the launching in the U.S. of futures markets, which must have a physical backing to operate, and opened up gold trading to the huge army of investors, speculators and commodity traders in America who were becoming increasingly perturbed by the decline in the value of the dollar.

Five markets were started simultaneously in the U.S. but two emerged as the eventual leaders in New York and Chicago. The New York Commodity Exchange market (known as Comex) is the largest, but it is closely followed by the International Monetary Market (IMM)—an offshoot of the Chicago Mercantile Exchange that has played a leading role in introducing financial futures.

In fact there had been a gold futures exchange in North America for some years in Winnipeg, but it was difficult for anyone but the professionals to use properly. Since 1975 gold futures markets have opened, with varying degrees of success, in Hong Kong, Singapore and Sydney—and in limited form in Japan. Brazil is planning to open a gold futures market in Sao Paulo on July 30 next.

The proposed London market will be the first gold futures exchange in Europe, although recently Luxembourg has introduced a daily fixing. The twice daily fixing by the London bullion market of course probably the most influential price quotations of all. A "fixing" incidentally means a common price at which buyers and sellers are ready to do business making it particularly useful as a pricing basis in supply contracts where a single figure is required.

Channelling

Although London and Zurich are the pre-eminent physical gold trading centres, channelling supplies from both the Soviet Union and South Africa round the world, the development of futures trading was delayed by the British ban on gold ownership which was not lifted until the end of 1979.

Metal futures markets in Europe are confined to London, which alone has the necessary acquired knowledge and expertise. Once it became apparent that the U.S. exchanges had attracted wide support, after a quiet opening period, the need for futures trading in Europe became more urgent and in fact the intention to study the chances of a lunching a London market was announced in mid-1979. The not unexpected lifting in October 1979 of foreign exchange controls and the gold ban provided the extra incentive that virtually ensured the project would go ahead.

Since then, in the view of outsiders in particular, a long time seems to have elapsed in establishing the new contract. But there have been tremendous problems.

First, it had to be decided who was going to run the market. The London bullion brokers, specially authorised by the Bank of England to trade in gold, dominate the physical market and decide the daily fixing prices. But the London Metal Exchange (LME), has the facilities and much greater experience in futures trading, including a silver futures market launched in 1968 in the teeth of opposition from the bullion brokers. The two bodies have learned to live with each other subsequently, but there is still a sense of rivalry and antagonism that makes for an uneasy relationship.

Nevertheless, after some haggling the bullion brokers and the LME jointly formed the London Gold Futures Market Limited that will run the new contract. Starting a market from scratch has proved to be a lengthy and time-consuming business, particularly as it has been complicated by the need to set up a clearing system.

The LME is unique in that it does not have a central clearing; instead the ring-dealing members act as principals to all contracts concluded. But it was decided that in view of the huge sums that could be involved in gold futures trading, and the different nature of these using the market, that a clearing system was essential.

Unfortunately the International Commodities Clearing House that provides facilities for the London "soft" (non-metal) commodity dealings has just recently been taken over by the Trustee Savings Bank (it was part of United Dominions Trust) and plans for restructuring the company with a much larger capital base have inevitably been delayed.

It is planned to form an independent guarantee consortium, made up of leading banks, but at the time of writing this had not been formalised.

Most other details have been finalised, however. The contract will be in lots of 100 fine ounces of gold, with a minimum quality of 995 parts of fine gold per 1,000. Either 100 oz or three-kilo bars can be delivered against the contract, whose delivery point will be London. The current month — and monthly positions up to six months further ahead — will be traded.

Membership will be confined, initially at least, to the bullion brokers and those of the Metal Exchange "ring-dealing" companies which wish to join. It seems likely that most, if not all, will want to be in the gold futures market, but at the same time ordinary non-floor trading, will be available to companies interested in gold.

The most controversial aspect of the new contract is that trading will be in sterling rather than dollars. Many traders claim this is a nonsense, since gold is universally dealt with in dollars and they fear that the market will as a result restrict its appeal considerably.

Proponents of the sterling idea point out that all the other London metal futures contracts are in sterling and argue that it adds an extra layer of interest, using the gold futures market as means of hedging against fluctuations in the dollar-sterling parity rates. They claim that the use of the local currency is an essential ingredient for success, noting that the Hong Kong exchange, for example, which plumped for trading in U.S. dollars, has not been a success whereas the Sydney market in Australian dollars has established itself.

In the long run the success of the London contract will really depend on the continuing interest in gold as a store of wealth and safeguard in times of crises. Although the new contract may be launched during a quiet period and take some time to establish itself, there seems little doubt that in these troubled times gold will retain its appeal.

Irreplaceable element in top specifications

INDUSTRIAL USES

ALAN CANE

TO INDUSTRY, gold as pure metal, or as alloy, is a necessary evil. Its remarkable physical properties make it ideal for a small but important range of industrial uses, especially in the electronics business. Indeed in many of these uses no substitute is possible. It conducts electricity readily, can be drawn into ultra-fine wires, can be turned into an electronically-conducting ink and has unrivalled resilience to harsh physical treatment.

So for critical applications it is irreplaceable. As one major manufacturer of electronic components put it this week: "If the specification demands gold, and that component is going into a device in, say, a Boeing 747, then there is really no argument."

The other side of the coin—or ingot—is the cost, the rarity and the unmanageable way in which the price of gold fluctuates. All of this causes industrialists severe headaches. They aim to buy as cheaply as possible, just like any manufacturer buying a fundamental commodity, and stock control is critical.

Most will be buying from specialist suppliers who provide the special mixtures of gold and other precious metals—silver, palladium and platinum—that are best suited to particular components. These suppliers are no more anxious than the manufacturers to maintain costly stocks, and indeed some manufacturers complain that destocking among suppliers has made their lives much more difficult in recent months: "We are having to live on a sharper knife edge" was a typical comment.

Nevertheless, the amount of gold used in industry world-wide is comparatively small.

GOLD USE IN ELECTRONICS
(tonnes net)

	1976	1977	1978	1979	1980
U.S.	27.7	31.4	32.4	34.7	30.7
Japan	23.1	19.5	25.0	25.6	22.7
W. Germany	8.2	8.0	8.2	9.8	8.3
Switzerland	3.1	3.7	4.4	4.5	3.6
France	3.7	3.8	4.0	4.2	3.7
UK	2.7	2.8	3.0	6.0	4.8
Italy	2.3	2.4	2.9	3.1	2.4
Netherlands	1.2	1.2	1.5	1.8	0.9
Yugoslavia	1.0	1.0	1.0	1.0	0.9
Singapore	0.3	0.3	0.9	0.5	0.5
Canada	0.4	0.5	0.7	0.9	0.3
Taiwan	0.1	0.2	0.2	0.2	0.2
Spain	0.6	0.5	0.4	0.4	0.3
Austria	0.2	0.3	0.3	0.3	0.2
Brazil	0.3	0.3	0.3	0.4	0.6
Australia	0.3	0.2	0.2	0.1	0.1
India	0.1	0.1	0.2	0.2	0.2
South Korea	0.2	0.2	0.2	0.3	0.2
Mexico	—	0.1	0.1	0.1	0.1
Total	75.5	76.5	85.9	94.1	80.7

Source: Consolidated Gold Fields

Components

The best industry estimates suggest that the amount of gold used in the manufacture of electronic components in 1980 was just over 80 tonnes. Some 94 tonnes were used the previous year, reflecting the way growth of the semiconductor industry as a whole has slowed recently.

What is gold used for in microelectronics? Its resistance to corrosion and its high conductivity (its specific electrical resistivity is only 2.42 microhms per cubic centimetre) make it suitable for use in connectors, printed circuits, semiconductors, relays and switches.

The now-familiar image of a microprocessor chip lying at the centre of its black plastic packaging shows it surrounded by minute squares of gold.

Fine gold wires run from the chip itself to the gold pads, the only bridge between the inner workings of the chip and the real world outside. The entire microelectronic revolution depends on gold as the infallible link between the electronic "brain" and its environment.

Of course, other metals can and have been used. Most of the specialist suppliers are experimenting with new alloys with a lower gold content or with copper and nickel. For critical applications, however, and that often means defence work, gold is specified and demanded. So the call for gold there is completely inelastic.

Marconi Electronic Devices (MEDL), for example, part of the General Electric Company, spends around £300,000 annually on gold at current prices. According to Mr John Stallwood of MEDL: "We use gold as a fundamental material in our products and we are very subject to market fluctuations. The amount of gold in our products is very small, but it represents a significant proportion of the final cost.

"If the average cost of one of our products is £85, the cost of the gold in that product is £5; labour and overheads account for about 50 per cent of the cost of a product."

So Marconi is continually looking for new ways to source its gold to keep costs down. Already it writes a condition into contracts which allows the final cost of product to be adjusted upwards if the cost of gold rises markedly between order and delivery.

Connection is, in fact, the chief use of gold in electronic circuitry and suppliers and supplied have looked hard for a replacement to shield the industry from the unsettling price fluceuations. The oldest and most obvious technique used has been gold-plating. Spot-plating, strip plating and reducing the thickness of the gold layer have all been tried as ways of reducing the gold content while retaining its properties.

Then there have been attempts to dilute the amount of gold used by incorporating it in alloys with palladium or platinum or the use of non-gold alloys between tin and lead and palladium.

These alternatives work well enough for ordinary commercial products—but if it has to work, it has to be gold. Other materials are simply not reliable enough, nor do they last as long. "We simply cannot guarantee products using lesser materials, Mr Stallwood said. "Only gold gives a guarantee of repeatability in the product."

The specialist suppliers are no happier, pointing out that they now price their products containing gold on a weekly basis. One said: "It is the fluctuations in the price rather than the price itself which is worrying the industry."

Within the industry two opposing trends are affecting the demand for gold. First is the fierce drive within industry to reduce the amount of gold used for each component, coupled with the trend to micro-miniaturisation. Second is the general expansion of the industry itself, which means many more individual units are being produced.

Industry sources suggest there will be little increase in the use of gold among these companies in the coming year, probably not amounting to more than 5 per cent.

Gold does find its way into other products besides those of the electronic industry, however, and some 65 tonnes were probably used for plating, gold fill, brazing and chemicals, giving an industrial total of about 145 tonnes in 1980. Again, as with electronics, manufacturers are looking for effective substitutes to sharpen their competitive edge in the market place.

Dentistry

The amount of gold used in dentistry in 1980—about 60 tonnes—was only just under half that used in industrial applications—and falling. In West Germany the use of gold to repair teeth rose sharply after 1975 when new social security provisions made it possible to have gold dental work covered by insurance. Now the insurance authorities may demand a lower percentage of gold in the alloys used. In the U.S. development is still continuing on the use of non-gold dental alloys such as silver palladium.

According to industry estimates, West Germany used 25.2 tonnes of gold in dentistry in 1980, the U.S. 13.8 and Japan 5.9. Britain used only 0.6 tonnes.

The use of gold in medicine is rare and limited. Acupuncture, of course, is said to be most effective when administered using solid gold needles.

But even a wholesale swing to Eastern medicine is unlikely to have much effect on the gold market. The continued swing to the microchip is a much more potent force.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

BOOK REVIEW

BY JOHN LLOYD

Negotiating perks: ideology or pragmatism?

PLUTO PRESS, the origins of which lie within the Socialist Workers Party, has implicitly sloughed off its revolutionary origins in its publication of a series of "Workers' handbooks" which give comprehensive advice on that good reformist pursuit, collective bargaining.

There is, of course, a line of argument which connects militant bargaining with revolution; put crudely, it holds that the logical extension of militant pressure on employers ultimately reveals the inherent impossibility of capitalism satisfying workers' demands, at which point it is overthrown. Unlike many other revolutionary beliefs, this one is *immediately* functional, since it legitimises hard and detailed bargaining by revolutionary socialists on behalf of their colleagues and explains why, where that bargaining is successful, they receive support as shop stewards and union officials. It also possesses the great advantage that, since it has never been fully tried, it has never been shown to be fully bogus.

Pluto does not say if this rationale underpins its series, and wisely, since it might narrow its appeal. As it is, the handbooks have become an exceptionally useful part of any union official's reading and reference (whatever his views), and no doubt enjoy a discreet sale among industrial relations managers as well.

The latest volume—"Non Wage Benefits"—is written by Michael Cunningham, a London organiser for the National Union of Public Employees, and is very much in the mould of previous works. It covers the *ground of what* are, as he points out, perks (when they are theirs) or benefits (when they are mine): holidays, leave, child care, tied accommodation, meals and sports facilities, transport, *company* cars and private health schemes.

Dilemma

Cunningham admits early on that "as employers are becoming more and more difficult to budge on wages, trade unionists are looking to those areas (non wage benefits) in an attempt to improve their terms and conditions of employment." However, he is concerned to limit certain areas—private health schemes, company cars—as being out of bounds as legitimate "improvements."

Most unions would theoretically agree with this. In practice, however, they are caught in the familiar dilemma of *balancing trade union practice* (which usually includes at least an obeisance to socialism) with their members' desires; and the more recent pressure on unions to recruit the managerial classes as their manual and clerical workers' proportions decline has caused a good deal of moderate local bargaining.

The Electrical and Plumbing Trades Union, by negotiating a private health scheme with the *electrical* contractors early last year, has done overtly in a big way what some other unions connive at in small ways. Especially at a time when public services are under-funded, *such pressures are real* and the trade union line hard to hold—though it is worth noting that the EPTU conference, a centre-right gathering, voted against the leadership's policy on private health. Cunningham's denunciation of such schemes strikes a deep chord, at least in manual workers' unions.

For the rest, the book is an excellent check list of action which may be taken, points to be put in negotiation and examples of best (and worst) practice. The research—Cunningham gives generous thanks to the Labour Research Department and Incomes Data Services—is detailed if at times over-rich.

Two more general points emerge from Cunningham's book, *one explicit* and the other implicit. The first is that non-wage benefits are clustered most abundantly at the top: it is the senior managers and executives who get the cars, houses, health schemes, clothing *allowances*, club memberships, expense accounts and so on. However, the employment legislation of the 1970s which granted time off, for a variety of causes and duties, coupled with *successive incomes* policies, meant that large groups of workers at all levels could, and had an incentive to, bargain on grounds other than money. This trend is likely to continue in the long run *and would strengthen* unions' interest in a comprehensive "social contract" at national level by involving them in little social contracts at company level.

Second, the extension of Cunningham's arguments for more equality of perks is not so much revolutionary as Japanese: for there it is that workers in large corporations share roughly the same facilities and benefits and find differentials only in wages (they are much lower than in the West).

It is not, perhaps, Cunningham's aim to assist British capitalism in evolving into the more advanced Japanese version. It is a measure of his work's usefulness, however, that it could help to move British *society one step along* that path.

Non-wage benefits, by Michael Cunningham. Pluto Press "Workers handbooks" series. £3.50.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Cheque safety

With reference to your reply under Cheque safety (Business Problems May 27) I had long been aware of the effects of making a cheque not transferable by the means suggested, *but I believe such* a practice is not merely "unpublicised" by the banks, but is actually banned by them. Could you explain please just what is the legal position in this matter?

We think that the clearing banks' bar to which you refer is directed to the collection of such cheques. A bank on whom its own customer draws such a cheque would be bound to honour it, if the account is sufficiently in credit, unless the terms of the contract of retainer of the bank by the customer were such as to exclude the employment of a non-transferable cheque. In practice *the employment of* cheques crossed "Account payee only" is the most convenient practical safeguard although that rubric has no formal impact in law on the transferability or negotiability of the cheque.

Scrap from dumps

Do I have a legal right to take scrap metal from rivers, dumps, etc? If not, would it be possible to get a permit to do so?

In most cases you would run a risk that the taking might constitute theft. It is only where the goods in question have been abandoned by their true owner and in circumstances where ownership has not then become vested in the owner of the site where the goods lie that you would be free to remove them—and this could be difficult to establish. You may be able to negotiate arrangements with *local authority (council)* cleansing departments for a right to collect from their refuse tips or dumps.

Appeal on rates

I have been in contact with the rating authority for several years in connection with obtaining particulars about empty parts of multi-let buildings, with a view to obtaining rate relief. I have now been told that if the matter is taken to Court, once the appeals committee of the Rating Office has confirmed that a demand is due, there *is no appeal to anybody*. Is this correct?

An appeal does lie (via the Lands Tribunal) on proceedings in respect of the valuation list: but no appeal lies in respect of the refusal of discretionary relief. One can nevertheless resist proceedings for recovery of rates on *suitable* grounds, so that such a hearing may be tantamount to an appeal.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

National Caravan Council

In the caption to the photograph illustrating the May 29 feature about Ace Belmont International it was stated that the National Caravan Council has lobbied the Government to introduce an MoT test for caravans. Although several NCC *members have made individual* approaches to Members of Parliament on the subject, the NCC stresses that the MoT proposal has not reached the stage where it has been adopted as policy, and that it has not itself lobbied the Government.

West Germans jump on the job-sharing bandwagon

BY ELGIN SCHROEDER

EDITH HERTL and her two colleagues are pioneers in an initiative which could produce a new flexibility in the West German labour market, and at the *same time meet a growing* social demand.

All secretaries, they are trying out a model employment contract, the first of its kind in Germany, for job-sharing—*making* two or more part-timers the joint holders of a full-time post. This practice has made headway in North America and many people would like to see it better *established in Europe.*

The three work at the office of the Federation for the Chemical Industry, which has drawn up the model for potential use by its members. Its emergence could mark a considerable step forward for an idea of which European trade unions—and also some employers—are wary. Among the unions' fears are that it could reduce the number of full-time jobs, while some employers are nervous of what they worry may prove costly and troublesome frills at a time of economic difficulty.

There is no sign of these problems at the federation, where the secretaries share what used to be one full-time and one part-time job. They are *happy* to take the responsibility for arranging working hours to suit themselves while meeting the employers' requirements and covering for absence.

"As the mother of two young schoolchildren I could never have returned to work if my colleagues did not stand in for me when needed," says Edith Hertl. Dr Karl Molitor, the federation's director, is also pleased. "When the office employed one full-timer and one part-timer there were always problems," he says.

The model, though very *formal, is flexible. The hours* which the sharers arrange can differ between them, although they must balance in the long run. The participants are jointly responsible for the whole job, but have separate contracts and are separately insured under the national social security scheme. The cost of this to employers is no greater for two part-timers than for one full-timer, because contributions are income-related.

"It's when you come to retirement you see some of the limitations of job-sharing"

One advantage for the employer is that he can rely on shared jobs being continuously staffed. If one sharer falls ill or *goes on holiday he or she has* to be replaced by the other or others. Although the employer has to pay sickness benefit if a job-sharer falls ill, the bill would be much higher for a *full-timer*: not only would the employer have to pay full benefit, but he would also have to pay out full wages for a replacement.

As a recent study by the *Rhineland Palatinate Social* Ministry indicated, part-timers are often more productive than full-timers. Job-sharing can also attract experienced staff no longer free to take full-time posts, or who have difficulties with traditional part-time work which involves inflexible hours. It can thus help ease shortages of certain types of qualified *personnel, or shortages in* certain regions.

For employees it has one prime advantage over normal part-time work: hours can be split as the sharers decide—into alternate weeks, alternate days, mornings or afternoons, some months on, some months off, or some days a week on and some off. But it also carries a major main potential drawback: if one of the sharers is unreliable, part-time work for the other can become a full-time headache.

Despite the benefits which the chemical industry model is claimed to give the employee, it has met with trade union objections. "The employer does not run the risk of having hours missed, while job-sharers are *forced to be virtually always on* standby to guarantee continuous staffing of a post, unless they want to run the risk of being fired," says Horst Mettke of IG Chemie. The union also considers the proposals for overtime pay inadequate, since they foresee overtime payments being made only after a full 40 hours have been worked.

The Federal Labour Office, which sees virtues in the job-sharing concept, is now urging the two disputing sides to get together and alter the model to their mutual satisfaction.

On the broader macro-economic level are the trade unions' fears that job-sharing will create part-time posts only by reducing the number of full-time jobs available. There may thus be a conflict between the interests of full-time principal breadwinners and those of the largely part-time female workforce which has grown throughout the industrialised world over the past 25 years.

However, job-sharing may not necessarily be against the interests of all full-timers. Findings of the Nuremberg *Labour Office* in 1978 indicated that half the women holding down full-time jobs would rather work part-time, obviously because of the double burden of job and family.

The strength of the desire for more part-time work is considerable. As many as 201,350 of West Germany's 1.1m unemployed were seeking part-time jobs in June this year, an increase of just over 30 per cent on June 1980. Women made up almost the *whole of these* (just over 199,000), though they were around half the total unemployed.

Against this, there were only about 18,400 vacancies for part-timers—6,200 less than in June 1980.

The Cologne-based German Economic Institute argues that an expansion of part-time work can not only mobilise workers from the so-called "hidden reserve" at times of general labour shortage, but is even desirable at the present time of high nationwide unemployment because some *specific shortages persist*. It might also *improve* productivity, and create more jobs.

The institute does not think it realistic to expect industry to create wholly new part-time posts during a recession, but believes it is possible to do it by sharing more than 5 per cent of existing full-time jobs. Super*visory and control functions* are candiates, as well as jobs which do not require long preparatory or "warming-up" periods.

Job-sharing also has its advocates in officialdom. The Christian Democrat opposition (CDU) and the Liberal Free Democrats (FDP), the junior partner in the Government, are backing job-sharing as a means of distributing the work available between more people. Helga Wex, member of the Parliamentary Committee for Family Affairs, thinks it high time for such positions to be *developed in greater numbers:* and the FDP has asked the public sector especially to come forward with job-sharing models.

Birgit Breuel, the Federal State of Lower Saxony's Economics and Transport Minister, who developed an enthusiasm for job-sharing in the U.S., objects to the dry, sober and *mechanical rules laid down by* many West German trade unionists and employers to regulate who may or must work, where, and for how long. "I am calling for more imagination in *the labour market*," she says.

Additional research by Brian Groom.

TECHNOLOGY

EDITED BY ALAN CANE

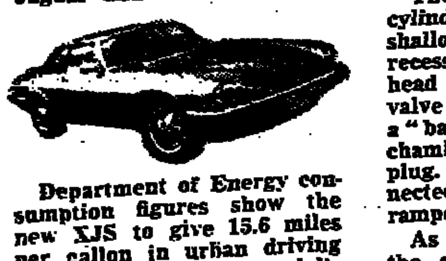
'Fireball' which means more mpg for Jaguar

Jaguar Cars' today unleashes a 5.3 litre V12 engine using Michael May's 'Fireball' system for power and economy. John Griffiths explains why

THE FIRST application to a *production car of a split-level* combustion chamber system, developed by independent Swiss engineer Michael May, is unveiled today in a revised version of Jaguar Cars' 5.3 litre Vee 12 engine.

May's 'Fireball' system, now the subject of a long-term development and licensing arrangement with Jaguar, has produced substantial improvements in the fuel economy of an engine which has had a very high reputation for power and smoothness—and for a considerable thirst.

The revised engine is fitted to both the latest version of the XJS sports coupe—the XJS HE, also announced today—and top of the range Jaguar and Daimler saloons.



Department of Energy consumption figures show the new XJS to give 15.6 miles per gallon in urban driving (12.7 for the previous model), 27.1 at a steady 56 mph (21.9) and 22.5 at 75 mph (18.6).

For the saloons, the figures are 15 mpg urban (12.5), 26.8 at 56 mph (21.2) and 21.5 at 75 mph (18.2).

Officials at Jaguar gleefully point out that their saloon is now more frugal than what they regard as their principal competitor, the Mercedes Benz 500SEL long wheelbase saloon, which achieves 14 mpg on the urban cycle, 24.4 at 56 mph and 20.2 at 75 mph.

Jaguar engineers say they have spent five years perfecting the May system to suit volume production.

A quick glance at the engine's *specification* shows one glaring abnormality compared with most engines: a compression ratio of 12.5:1 far higher than the norm and comparing with ratios of about 8.5:1 in the *six cylinder* Jaguar engines.

That Jaguar has been able to employ such a ratio—which a few years ago would have been regarded as high even for a racing engine—is the result of the characteristics of the May system. It works as follows (see diagram):

The inlet valve of each *cylinder is set within* a shallow "collecting" zone, recessed slightly from the head joint face. The exhaust valve is set higher up, within a "bath tub" type combustion chamber housing *the* spark plug. The two areas are connected by a swirl-inducing ramped channel.

As the piston rises during the compression stroke, the fuel/air mixture is pushed out of the inlet valve collecting area. The ramped channel sends it swirling rapidly round within the main chamber. However, the chamber has been so designed—and this, with the ramped channel, was one of the really tricky bits in development—to leave a low-turbulence, *concentrated* charge in the immediate vicinity of the spark plug.

Result: initial combustion is very rapid, and accelerated by the axial swirl of the mixture occupying the rest of the chamber.

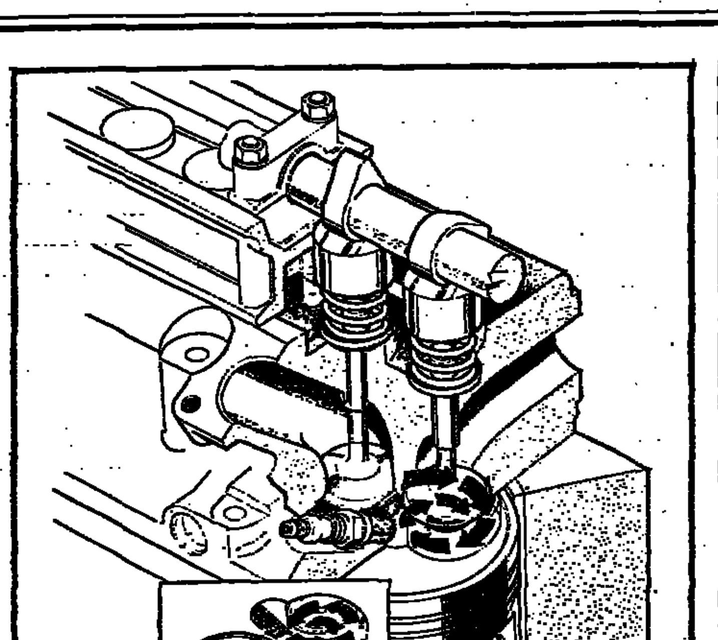
The practical effects are *that very lean fuel/air* mixtures can be used—in the Jaguar's case of about 17:1 against *15:1 in conventional* engines. Compression ratios of up to 16:1, and fuel/air mixtures of up to *25:1* have been achieved experimentally. But these are extreme for road use.

The traditional problems of high compression and lean fuel mixtures, engine "knock" caused by incomplete combustion and burnt-out valves, are avoided. In the case of the latter, valve life should *actually be improved*, because the efficiency of the May systems's combustion is that it actually lowers cylinder temperatures by about 100 degrees C.

In Jaguar's case, there are also small improvements in both power and torque, enough to enable the final drive ratios to be raised, also boosting economy.

The changes to the Vee 12 unit are the third since it was launched in 1973, when a driver with even a slightly heavy right foot could bring the overall consumption down to 10 mpg or under.

Allied to the key combustion chamber changes has been the necessity to develop an ignition system capable of coping with the very accurate spark rates required for 12 cylinders operating at up to a high 7,000 revolutions per minute. The problem has been solved by a twin-coil system developed by Lucas.

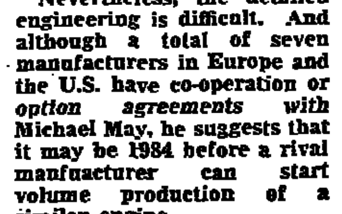


The "Fireball" combustion *chamber showing the induced* swirl during the compression stroke: Inset, the swirl pattern

The investment required to produce the new cylinders has been surprisingly small, about £½m. It has been spent at Jaguar's Radford plant in Coventry, mainly on new transfer machines for the revised spark plug locations and milling machines for the new combustion chambers.

Mr Trevor Crisp, Jaguar's chief engineer for engines and transmissions, says the *May system is being* developed in the next generation of Jaguar engines. A lighter Jaguar, the XJ40, is due in 1984.

Utilising the May system in the Jaguar Vee 12 was made relatively easy in manufacturing terms because it has vertical valves. Applying it to once-conventional inclined valve engines would be considerably more difficult, but most modern overhead-camshaft engines now use vertical valves so capital costs to other manufacturers in introducing the system should also not be high.



Nevertheless, the detailed engineering is difficult. And although a total of seven manufacturers in Europe and the U.S. have co-operation or *option agreements with* Michael May, he suggests that it may be 1984 before a rival manufacturer can start volume production of a similar engine.

Mr May says *that the* system should lead to an average improvement in fuel consumption across a variety of engines of about 15 per cent.

Software

SOFTWARE CALLED Cadbird, designed to run on a Tektronix 4054 desk-top computer to provide low-cost computer-aided draughting, has been launched by *International* Research and Development of Newcastle upon Tyne (0632 650451).

Used in conjunction with the Tektronix dynamic graphics option and a suitable plotter—total cost about £25,000—the software yields a two-dimensional draughting system suitable for small *drawing* offices in which a "three-D" major system would be uneconomical. The system might also prove useful for introducing CAD to *larger offices* and for giving training in CAD techniques.

The easily used command language allows for interactive defining, changing, storing, recalling and plotting of drawings via the 4054 keyboard. It complies with BS 308 for drawing practice and is based on the initial letters of the terms used in drawing office technology.

The package covers symbol definition, six kinds of lines, zooming (up to 1,000 times), mirror imaging, automatic dimensioning, parts listing and amendment. It also employs a simulated pencil display to indicate the current drawing position.

Numerical control

LATEST COMPUTER numerical control *unit from* Allen-Bradley, the 8200 CNC uses very large-scale integrated (VLSI) semiconductor devices to cut component count and improve reliablity.

Available in two versions, for lathes and for milling machines and machining centres, the 8200 CNC can be supplied with a flexible programming systems called Paramacro which, says the company, allows the user to compile the best software for his particular machine tool. Allen Bradley in Poole, Dorset, on 0202 69001.

First tension leg platform is Vickers' offshore debut

VICKERS' FIRST foray into offshore engineering is a contract, understood to be worth some £25m, for advanced technology for the first of a new type of production platform for the North Sea.

Conoco (UK) has asked Vickers to design and supply the *anchor* connectors and crossload bearings for the world's first tension leg platform, for its £600m Hutton Field investment, north east of the Shetlands.

This concept of platform uses a *floating structure* anchored to the seabed by 16 vertical tension legs. Hydraulic tensioning keeps the platform pulled down into the water. The buoyancy keeps the legs constantly in tension, whatever *the sea state* and loading, to provide a stable operating platform.

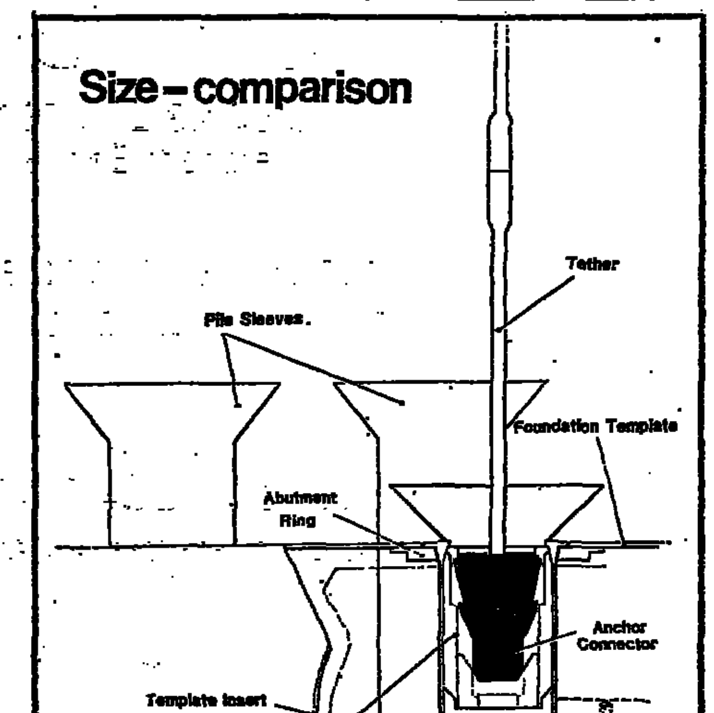
"The technology is being pushed very hard to achieve the objectives," says Mr Reg Shield, director of Vickers Design and Projects division at Eastleigh, Hants. His team has been discussing the problems with Conoco since the end of 1979, and working alongside the oil group since the end of last year.

Mr Shield says his team has drawn heavily on another two advanced technologies—nuclear submarines and turbo-generator rotors—for its materials, corrosion protection and design concepts for a 20-year life for the novel platform.

The anchors (see sketch) will couple the tension legs to the seabed foundations, and also to the crossload bearings of forged steel. The anchor connectors will be joined by remote manipulation and unlatched in this way for periodic inspection. It will also be possible to "up anchor" and tow the platform away once it has reached the end of its design life.

In fact, the tension leg concept is seen as the way to make a mobile platform that might be moved from one small field to another, as the fields are exhausted.

Each of the 16 tension legs of the platform *is secured both* at the load block and at the crossload bearing. So, as the hull moves sideways, there is a risk of severely stressing and even of bending the tension leg where it joins the crossload bearing.



Vickers has therefore incorporated a flexible joint—in effect a rubber ball-joint—in the crossload bearing. Here it is drawing upon space technology, *from the mounting* used for swivelling rocket motors for space vehicles. The supplier will be Murdock, a Lockheed subsidiary. But Vickers itself will provide a *large part of the engineering*, through Brown Brothers of Edinburgh.

Conoco's schedule for the Hutton platform calls for the complete structure after inshore trials, to be towed to the field and installed late in 1983. The field lies 90 miles *from the Shetlands, in* 485 ft of water. The Hutton platform is being designed to produce up to 110,000 barrels per day. The company claims that, so effectively will the tension leg design dampen sea motion that this will be imperceptible for 90 per cent of the time.

DAVID FISHLOCK

New jobs from new technology

BY GUY DE JONQUIERES

THE GROWTH of electronic high technology industries has been rivalled in Britain in recent months only by the spate of books and pamphlets seeking to assess the future impact of the microelectronic revolution on employment. Most authors are honest enough to acknowledge that it is hard to make precise predictions but have concluded gloomily that more chips will probably mean fewer jobs.

An intriguing opportunity has now arisen to put theory to the test in conditions which could dispel some of the pessimists' worst fears. It is the Government's proposal to allow the private sector to compete with British Telecom in supplying communications services.

A blueprint for radical liberalisation has been drawn up by Professor Michael Beesley of the London Business School at the request of Sir Keith Joseph, the Industry Secretary. Central to Professor Beesley's prescriptions is the undisputed thesis that electronic technology is fuelling an explosion of new types of communications services and systems.

Potential

He argues that the communications market's full potential will not be realised efficiently if it remains under the thumb of an entrenched state monopoly. That view would doubtless be endorsed, from personal experience, by many telephone subscribers. But it has predictably drawn strong attacks from British Telecom and the Post Office Engineering Union (POEU).

Much of the debate has turned on whether liberalisation would cause the overall market to grow faster. Professor Beesley and his supporters insist that it would, but mention no figures. British Telecom and the POEU tend to assume that the market would remain about the same, and that any business gained by private competitors would be at British Telecom's expense.

It is rather remarkable, at a time of record unemployment, that the issue of jobs has barely surfaced during the controversy. The POEU, in a lengthy submission to the Government, made a passing reference to it, but only to warn of the risks to British industry if powerful foreign companies stampeded into the market.

Why is the POEU being so reticent? It appears to assume, in the first place, that whatever else liberalisation might do, it would not be allowed to endanger the jobs of the union's 130,000-odd members employed by British Telecom.

The implication is that if competition deprived British Telecom of the resources needed to pay wages and benefits—which amount to some 45 per cent of its total turnover—they would have to be financed by yet further increases in telephone charges. The burden would be likely to fall most heavily on residential subscribers.

No guarantee

Nor has the POEU attempted to assess how many jobs might be created by investment by private industry if it were allowed to compete. Yet private-sector interest is evident. A Cable and Wireless consortium is already seeking permission to build an independent national communications network at a cost of more than £50m.

There is no guarantee, of course, that such projects would increase the total demand for telecommunications engineers. But on employment grounds alone, the possibility is surely worth exploring. The worst that would be likely to happen would be a displacement of jobs from the public to the private sector, which would leave the overall number about the same.

At present, however, the POEU voluntarily restricts its recruitment to the Post Office, where many of its members are paid 10 or 15 per cent more than their private sector equivalents. The development of a private communications industry could therefore unsettle comfortably established labour relations practices.

The POTU's leaders no doubt believe that they are acting in their members' best interests. But interpreting them too narrowly invites accusations of special pleading and unflattering comparisons with the rigidity and complacency which, the union movement insists, typifies the Government's attitudes to unemployment.

Skirmishes and victories in the border

GARDENS TODAY

BY ROBIN LANE FOX

NO SERIOUS gardener is ever satisfied with his herbaceous border, not even in mid-July. Britain is famous for this style of gardening, but I only meet people who are pleased with small sections of their flowerbeds, while feeling that all the rest could be improved.

That is one good reason why they like gardening: there is always something to strive for and as soon as it is there they see beyond it to something better or to a fault which has shewn up elsewhere. There is no end to a good border, quite apart from the plantings which never begin growing or which collapse under the snow in April, floods in June and the recent weeks without any rain.

This season has left much room for improvements, though I have been watching once again for less familiar border plants with which to liven up the garden. Most of them are not especially difficult, but their names are complicated and have probably scared most gardeners off. I hope to persuade you to look beyond the Latin.

My first choice this year is a plant which I met in a remarkable Yorkshire garden near Leeds and which was generously made mine for the asking. Of the garden, I hope to write another week, for in it, Mrs Spencer and her son have designed and planted one of the most intriguing selections of well-matched rarities which can be found in any acre of English ground over the past 20 years.

This particular plant was a variegated form of our native Comfrey, whose rough-looking leaf usually frames a blue flower like borage and supports a nest of stems some two or three feet high.

The Spencers had chosen what I believe to be symphytum uplandicum variegatum and, although the few suppliers still price it highly, they had found it very easy in a good soil. The leaves are pointed, are brightly marked with bands of yellow and ash green, while the drooping flowers tone the whole plant down because they open to such a pale shade of sky blue.

I have been told to cut the plant back after its first flowering in May so that it will flower again in the same season. Already my plants are showing up clearly among fading clumps of blue summer geraniums.

The boldness of their leaf and the sophisticated colour of the flower make these and other variegated Comfreys plants with a bright future. They seem to divide easily, so I hope that a wider demand will force nurseries to stop treating them as a rare oddity and bring the price down for all of us.

Phuopsis stylosa sounds even more daunting, but its name conceals a fine plant which gives no particular trouble. A few good nurseries stock it, so it turns up in collectors' gardens where it smothers any small weeds and makes a flat mat of fresh green leaves.

It will withstand a dry spell on a poorly watered soil and it is a plant which belongs with those other beauties for dry places, perennials with silver leaves. The flowers remind me of a Sea Thrift's, the wild plants along our coasts whose rounded pink flowers look like botanical pin cushions.

Phuopsis caught my eye at a recent open day in the newly-planted gardens at Hatfield House, Hertfordshire. The flowers are borne very freely and mix in with the pink and purple roses of old-fashioned shape, with which Hatfield gardens now abound.

Any garden has room for this pleasant plant at the edge of a dry and sunny bed. There is a purple form too, but I prefer the pink one and would like to combine it with silver artemisias whose leaves are also light and feathery.

A far stronger pink can be enjoyed in the flowers of a South African native called Diascia. I am very fond of this, but I am never quite sure that it will survive the winter. After seven years, it is still alive, but the plants have shrunk and expanded with the temperature, so I would never put it anywhere except at the front of a south-facing bed.

The best form is called Ruby Fields and can be bought easily from Bressingham Nurseries in Norfolk. Like Phuopsis, it grows into a flat mat about a foot wide, but it covers itself with open flowers of a clear raspberry pink in mid-summer. Wondering how to place it, I opted for a silver companion, but I noticed recently how the colour of Ruby Fields is exactly matched by the pink flowers of the familiar Cistus Sunset and its other pink relations.

Both plants like the same sunny position and as they flower together, they would pair to the best effect, perhaps with some silver leaves nearby to set off their strong colour. Diascia divides quite freely, so you only need three plants or so to start you off. I imagine Ruby Fields to be a place somewhere on the veldt rather than a person who has made the best of an expatriate life by going in for botany.

There are few wild geraniums which have escaped a good notice here over the years, but I must remind you of one of the rarest because its flowers last so long. The double form of our Meadow Cranesbill, geranium pratense, is a marvellous choice for those parts of the border which need a clump about two feet high. It is not cheap, but mature plants divide quite easily and I suspect that it has merely been priced as a curiosity and left to look after itself.

It is much too good to be left to experts. The leaves are pleasantly cut and the violet blue flowers appear by the hundred in early July, pairing well with civilised pink roses.

I have one plant beside the glorious pink climbing rose New Dawn and would like to expand the association. A white form of this double Cranesbill turns up in a few special gardens, but I do not prefer it to the deep violet of the ordinary form. Other Cranesbills soon drop their petals, but this one holds up for twice as long, like so many good double flowers. It gives any bed a lift and will survive in half shade.

None of these plants, whether Comfrey or Cranesbill, is popular or easy to find. Each is as good as many which we take for granted, but because they are unfamiliar, they can be placed with new companions and stop a border becoming too predictable.

Gardening is only a pleasure if it tries, in a small way, to be an art and an adventure. Through these and other border perennials, you can experiment with different colours and watch the adventure grow with the years.

Rose New Dawn: civilised pairing with Meadow Cranesbill

Hymnos a sound bet at Kempton

RACING

BY DOMINIC WIGAN

HYMNOS, who some felt was given too much to do by Steve Cauthen when failing by half a length to peg back Visconti at Ayr recently, looks a sound bet in the hands of Pat Eddery as he bids for compensation at Kempton this afternoon.

The Whitsbury-trained four-year-old was never better placed than at the finish on the Scottish course in the mile and five furlongs Blackhouse Handicap, in which he was held up until approaching the final one and a-half furlongs. He previously confirmed himself as a smart handicapper at Leicester first and then at Nottingham.

Hymnos beat Ski's Double by a length over a mile-and-a-half at Leicester. He then obliged by the same margin when taking advantage of a 4 lb concession from Old Knocker in the quarter of a mile shorter Nottingham Festival Handicap. On both occasions he was sent into the lead approaching the final furlong marker by Eddery.

This afternoon Hymnos, a strongly made ex-Irish son of Luthier, can notch his third victory in little more than a month by taking advantage of the 6 lb he receives from another powerfully made sort, the dual course and distance winner, Hartsfield.

Eddery, whose hat-trick at Ayr on Saturday included a victory on Enchantment in the big sprint, has a number of other likely looking mounts booked this afternoon and will be hoping to kick off on the right foot through Lunaria in the Larch Maiden Fillies Stakes.

If she produces the expected improvement on her initial effort at Salisbury, where she missed the break, this half-sister to Abeer will be very difficult to contain. She is preferred to the sixth in that event, Deer Leap's half-sister, Wolver Deer.

One race I do not envisage falling to Eddery is the Poplar Maiden Stakes in which he partners the bitterly disappointing Susanna. Here Sticky Habit, a highly promising runner-up to Wiveton at Doncaster after being flatfooted from the stalls, is preferred to Crathie.

KEMPTON

2.00—Lunaria*
2.30—Hot Press
3.00—Tap On The Head
3.30—Lady Lorelei
4.00—Hymnos***
4.30—Sticky Habit**

CATTERICK

2.45—Bold Fort
3.15—Azaam
3.45—Bold Saracen
4.15—Prince Maj

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 1.12 pm Regional News (except London). 1.15 News. 1.30 How Do You Do. 3.50 Tram: Kingfisher's life-cycle. 4.18 Regional News (except London). 4.20 Play School. 4.45 Lassie. 5.05 Newsround. 5.10 Think of a Number.

5.40 News.
6.20 Nationwide.
7.00 World of Disney.
7.50 The Olympian Way.
8.30 Three of a Kind.
9.00 News.
9.25 Shoestring.
10.15 Cosmos.
11.05 Paperbacks.
11.40-11.45 News Headlines.

All Regions as BBC 1 except at the following times:—

BBC Cymru/Wales—3.55-6.20 pm Wales Today. 7.00-7.25 Heddiw. 7.25-7.50 Goreuon Gwynfryn. 11.40 News Headlines.

Scotland—9.50-9.55 am The Wombles. 9.55-10.10 Jackanory. 10.10-10.35 Champion the Wonder Horse. 10.35-10.55 Take Hart. 1.10-1.15 pm Scottish News. 5.55-6.20 Reporting Scotland, News. 11.40 News Headlines.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar, for Asian women.
11.00 Play School (as BBC 1 at 4.20 pm).
4.50 pm Open University.
6.55 Six Fifty-five Special.
7.30 News.
7.40 City: Fighting for Derry—Charlie Nash, European Lightweight Boxing Champion.
8.30 Film: Big Jim and the Figaro Club.
9.00 Rhoda.
9.25 Top Crown: Invitation Pairs Tournament.
10.05 Cartoon.
10.15 Miners on the Move.
10.45 Newsnight.
†11.30 Film: Laurel and Hardy.

LONDON

9.30 am Under Kilimanjaro. 9.55 Return of the Inca. 10.40 Film: "Fighting Stock." 11.50 Cartoon. 11.59 Cloppa Castle. 12.10 pm Rainbow. 12.30 Music of Man. 1.00 News at One, plus FT Index. 1.20 Thames News. 1.30 Electric Theatre Show. 2.00 Live from Two. 2.45 Big Shamus, Little Shamus. 3.45 Now You See It: Watch It! 4.15 Daffy Duck. 4.20 How. 4.45 Quest of Eagles. 5.15 Here's Boomer.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Where There's Life . . .
7.30 Coronation Street.
8.00 Video Entertainers.
8.30 Have I Got You . . . Where You Want Me?
9.00 Playhouse.
10.00 News, Thames News Headlines.
10.30 Someone Is Bleeding.
12.25 am Sit Up and Listen.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am European Folk-tales. 9.40 Their England. 10.10 Thunderbirds. 11.00 New Accelerators. 11.25 Walt Disney Classic. 11.35 New Fred and Barney Show. 1.20 pm Anglia News. 2.45 Bracken. 6.00 About Anglia. 10.30 Film "Connecting Rooms," Bette Davis, Michael Redgrave. 12.30 am The Big Question.

ATV

9.40 am Maud Lewis—World Without Shadows. 9.50 Circus. 10.15 Film: "The Magic Bow" Stewart Granger, Phyllis Calvert. 1.20 pm ATV News. 2.45 Bracken. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today, with Police Five. 10.30 The Sweeney. 11.30 ATV News. 11.35 Bowls.

BORDER

9.30 am Untamed World. 9.55 George Hamilton IV. 10.20 Thunderbirds. 11.10 World Leaders: Roosevelt. 1.20 pm Border News. 2.45 Young Ramsay. 5.15 University Challenge. 6.00 Lookaround Wednesday. 10.30 The Sweeney. 11.30 Border News.

CHANNEL

1.20 pm Channel News, What's On Where. 2.45 Bracken. 5.15 University Challenge. 6.00 Channel Report. 10.28 Channel News. 10.36 Twenty Years. 11.35 News and Weather in French. Epilogue.

GRAMPIAN

9.45 am First Thing. 9.50 Odeon Cavalcade. 10.20 Chopper Squad. 11.10 Young Ramsay. 1.20 pm North News. 2.45 Bracken. 5.15 Welcome Back Kotter. 6.00 Summer at Six, and Weather. 10.30 Tenspeed and Brown Shoe. 11.30 North Headlines and Weather. 11.35 Seachd Laithean.

GRANADA

9.30 am Wildlife in Crisis. 9.55 Circus. †10.30 Film: "Son Of Monte Cristo." 1.20 pm Granada Reports. 1.30 Emmerdale Farm. 2.45 Young Ramsay. 5.15 Happy Days. 6.00 Granada Reports. 6.25 This Is Your Right. 10.30 Vegas. 11.25 Rockstage.

HTV

9.45 am World We Live In. 10.10 Young Ramsay. 11.00 Sesame Street. 1.20 pm HTV News. 2.25 Chopper Squad. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Laverne and Shirley. 10.28 HTV News. 10.35 Manscape. 10.55 Lou Grant. 11.55 Weather.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.45-5.15 Tan Yn Y Mor. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.35 Rush. 11.35-12.35 am Lou Grant. 12.35 Weather.

SCOTTISH

9.55 am Sesame Street. 10.55 The Collectors. 11.10 Charlie's Angels. 1.20 pm News. 2.45 Bracken. 3.45 Survival. 5.15 Tiddler's Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 World Worth Keeping. 10.00 Scottish Headlines. 10.30 The Sweeney. 11.30 Late Call. 11.35 Seachd Laithean.

SOUTHERN

9.30 am Call It Macaroni. †9.55 Film: "Escapade," John Mills. 11.30 Out of Town. 1.20 pm Southern News. 2.00 Houseparty. 2.25 The Amazing Years of Cinema. 2.45 Bracken. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.00 Scene Midweek (South-East Area only). 6.30 Open Sandwich. 10.00 Southern News. 10.35 The Entertainers. 10.35 Dougalling (South-East Area only). 11.05 New Avengers. 11.59 Weather, Grow Or Die.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Survival Special. 10.20 Crown Green Bowling. 10.45 Call It Macaroni. 11.10 Rockstage. 1.20 pm North-East News. 1.25 Where the Jobs Are. 2.45 Young Ramsay. 5.15 Great Yorkshire Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 10.32 Cheryl Ladd Special. 11.30 Mind Over Matter. 11.59 Four Angels To My Bed.

ULSTER

1.20 pm Lunchtime. 2.45 Bracken. 4.13 Ulster News. 4.15 Watch It! Daffy Duck. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Family Matters. 10.29 Weather. 10.30 Rockstage. 11.30 Bedtime.

WESTWARD

9.25 am Larry the Lamb in Toytown. 9.40 Sesame Street. 10.40 Hands. 11.05 Village Action. 11.30 Razzmatazz. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News. 2.45 Bracken. 5.15 University Challenge. 6.00 Westward Diary. 10.32 Westward. 10.36 Twenty Years. 11.30 Faith For Life. 11.40 Weather and Shipping Forecast.

YORKSHIRE

9.30 am World Fairy Tales. 9.40 An Unbroken Tradition. 10.05 Film: "Beau Brummel," Stewart Granger. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 2.45 Bracken. 5.15 The Great Yorkshire Show. 6.00 Calendar. 10.30 Brass in Concert. 11.15 Mannix.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 5.30 Newsbeat. 7.00 Mailbag: Phone in on 01-580 4411. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 6.15 Pause for Thought. 7.30 Terry Wogan (S). 8.30 Racing. 8.45 Pause for Thought. 10.00 Gloria Hunniford (S). 11.59 John Dunn (S). 1.45 [illegible] Challis. Family Favourites (S). 2.45 [illegible] 3.45 Sports Desk. 4.00 David Hamilton (S). 4.45 Sports Desk. [illegible] Sport. 6.00 David Symonds with Much More Music (S). 6.45 Sports Desk. 8.00 Listen to the Band (S). 8.45 Alan Dell: Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 Stop the World [illegible] for the Memory. 11.00 Brian Matthew with Round Midnight. 12.00 Newsroom. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice. 9.00 News. 9.05 This Week's Composer (S). 10.00 Piet Kee organ recital (S). [illegible] for Viola and Piano: recital (S). 11.35 Rubbra and Howells choral recital (S). 12.15 pm Midday Concert (S). 1.00 News. 1.05 Midday Concert (S). 1.40 Takacs-Nagy String Quartet recital (S). 3.20 Swiss Piano Music recital (S). 4.00 Choral Evensong, Guildford Cathedral (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Don Giovanni (S). 8.30 Six Continents. 8.50 Don Giovanni [illegible]

RADIO 4

6.00 am News. 6.10 Farming. 6.25 Shipping Forecast. 6.30 Today. [illegible] Grantham (S). 7.45 Psychology Now. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Lord of the Rings (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.01 am News. 12.15-12.23 Shipping Forecast.

BBC Radio London

[illegible]

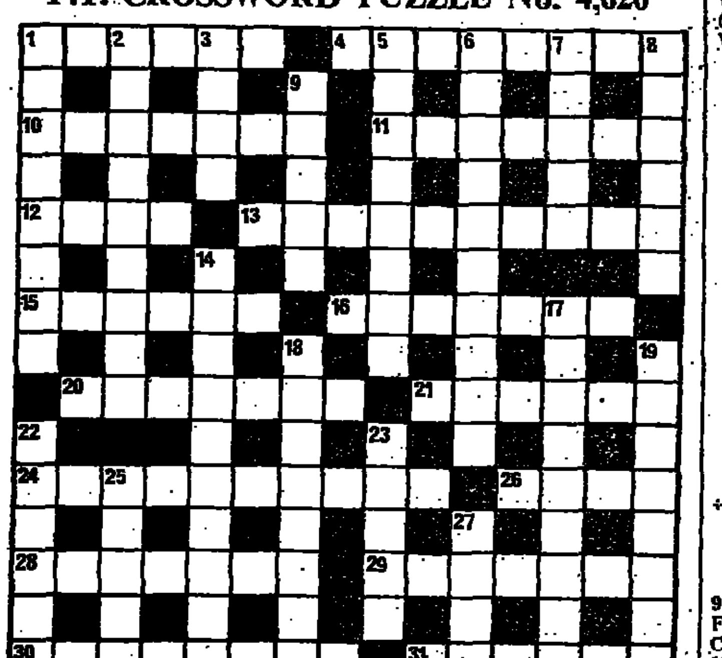
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 4,620



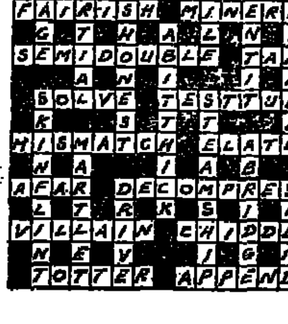
ACROSS

1 It's jug for the artist in the restaurant (6)
4 Anyhow duly pick a nice prize (5, 3)
10 Gossips about us birds (7)
11 Time to promise captivity (7)
12 Labels curtains (4)
13 There is nothing to the business of a passionate attachment (4, 6)
15 Encroachment en route (6)
16 Excellent commander gets round the girl (7)
20 A great blow makes Tony hop (7)
21 Airline takes numbers to the festivities (6)
24 Producer includes Irishman in legislative assembly (10)
26 Measure that sounds suitable (4)
28 Change for one clad in pale green (7)
29 Island nymph remembered in song (7)
30 Freight in odd set for a French delicacy (8)
31 Be furious with an eye for colour (3 ,3)

DOWN

1 Not a thoroughbred drink (8)
2 The fruit of disapproval (9)
3 "The meteor—of England shall yet terrific burn" (Campbell) (4)
5 Shadow includes a measure of protection (8)
6 Royal angler gets the bird (10)
7 "Thro' all the ——, whether damned or not, love gilds the scene" (Sheridan) (5)
8 Novelist has to attempt verse (6)
9 A tax popular with racegoers (5)
14 Pioneer in the R.A.F. (10)
17 By whom, presumably, Joseph was told there was no room (9)
18 After a short pause the fellow upset the special service man (8)
19 Broken radio set for a space traveller (8)
22 Indian finds dad in pain (6)
23 Formerly about one kept in readiness (2, 3)
25 Priest in Roman Catholic memorial (5)
27 Theseus took it gratefully, you take it from me! (4)

Solution to Puzzle No. 4,619



ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903.) 65 amphi-seats avail for all perfs. except Proms. from 10 am on the day of perf. THE ROYAL OPERA. *Ton't at 7.00. *Sat at 7.30 Don Giovanni. *Tomor & Mon at 7.00 Le nozze di Figaro. *Fri & Tues [illegible]

[illegible]

THEATRES

MERMAID TH. Blackfriars EC4. 236 5568. EASTWARD HO! Evenings 8.0. Mats Thurs & Sat 4.30. CC 01-930 0731. 01-236 5324. Restaurant 01-248 2835. Car Parking adjacent. Tkts £2 to £6. From Aug 19 CHILDREN OF A LESSER GOD.

THEATRE ROYAL STRATFORD E15. 534 0310. STEAMING by Neil Dunn. Evgs. 8. (not suitable for children). Tkts. £1 to £5.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evs. 7.30. Wed. and Sat. [illegible]

[illegible]

CINEMAS

[illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

[illegible]

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

[illegible]

THE ARTS

Television

Violating the right to know

by CHRIS DUNKLEY

Here are three news reports which television has not broadcast:

"The recent sequence of riots between townspeople and students reached a climax here tonight. Eye witnesses report that weapons of all descriptions were used resulting in a massacre of students. Now the university has been closed. It is expected to remain closed until official steps have been taken to protect its liberties—*Chris Dunkley, News At Nine, Oxford.*"

"These ashes are all that remain of the library of Henry Ingles, headmaster. Earlier today all his books were burned on top of a vast pile of desks and benches by the schoolboys after Ingles had *violently* flogged one boy for firing a gun in the yard. During the fire Ingles called in the army and the Riot Act was read—*Chris Dunkley, News At Nine, Rugby.*"

"The boys here finally forced the headmaster and staff to capitulate this evening. Chaos has reigned day and night for a week. The school reeks of gunpowder, smoke drifts through the smashed windows and broken doors, and the boys have run riot through the town and attacked the local mill owner—*Chris Dunkley, News At Nine, Marlborough College.*"

The only reason that those reports, all of well documented events, were not broadcast is that television was not invented in time. The Oxford riots took place in 1354, the Riot Act was read at Rugby in 1794, and the Marlborough rebellion began at five o'clock on Bonfire Night, 1851. I have no doubt that one could easily turn up reports of similar events in the 16th or 17th century or any other on record. It is perhaps a pity that these examples suggest that riots have traditionally been an upper class affair, but the reason, no doubt, is that public schools and universities happen to have kept good records.

The important point is that young people have been rebelling violently against authority throughout recorded history; it is not a phenomenon which arrived with, still less because of, television, and it seems that at last this truth is beginning to sink in. That is one of three heartening facts in an otherwise deeply disheartening week: the absence of the traditional chorus wailing "It's all the fault of the telly."

Mary Whitehouse, never loth to hand-crank a bandwagon, has made the uncharacteristically mild request that news programmes should consider the possibility that their heavy coverage contributes to the spread of rioting and teaches techniques (a notion we shall return to) but this time neither she nor anyone else I have heard has suggested that the entire affair can be laid at television's door.

Instead politicians, policemen, journalists and others have been talking on *News at 10, Newsnight, Panorama* and elsewhere, more or less sensibly, about a variety of contributory causes ranging from awful living conditions and unemployment to the decline of parental authority. That, surely, is a big advance on the dreadful old knee-jerk reaction which ascribes all society's ills to the box.

My own feeling after 13 years of fairly close attention to riot coverage is that television has shown dramatically clearly that there is just one factor shared by the vast majority of those who rioted in British, European, and American universities in the sixties, on the streets of Germany, Holland and Japan in the seventies, in Switzerland (of all places) more recently, and now in Brixton, Southall, Toxteth and so on.

It is not social deprivation (the students were privileged) nor skin colour (irrelevant in Switzerland, Germany, Holland and Japan) nor unemployment (a factor only in the current outbreak) nor—unless you are willing to take conspiracy theory to insane lengths—any extremist political plot. Each may have contributed to or even triggered one of those riots, but the only common factor is that in each case the participants were mostly young males, as television has shown, who (as it has not shown) have virtually no responsibilities.

One of the most dramatic of last week's newsreels showed the police, lit luridly by flaming buildings, advancing Roman turtle style within a carapace of riot shields while teenage youths, white and black, darted in and out and around, teasing and taunting, stoning and retreating. It left me with two vivid impressions. The first was the sheer excitement felt by the young hooligans; just looking at them on the small screen you could tell that this was the most thrilling (yes *thrilling*) thing they had ever done.

The second impression was the astounding similarity between this scene and a scene in a David Attenborough wildlife programme some years ago showing vigorous young postpubertal male monkeys who had been pushed to the margins of their society and left with low status and nothing to do. They had taken to darting in and out and around the troop of older monkeys, teasing and taunting, punching and retreating, testing and challenging the authority of the old greybacks.

But even if biology plays a part (I hear you cry) you cannot seriously deny the "copycat" dangers. When television news shows petrol bombing in detail, and proves how easy it is to kick in a shop window, and then Richard Baker announces that reports are just coming in of new riots in the X area of Y town isn't that tantamount to an invitation to go and join the fray? Broadcasters should surely suppress or at least delay such reports in the public interest?

There are practical objections to that. First, unprepared shopkeepers (for instance) in the X area of Y town would not thank you for such suppression. Second, as former Major-General Richard Clutterbuck says in *The Media And Political Violence** which is published tomorrow, one of the shrewdest and most sensible books on the mass media to have appeared in 10 years: "The media must give coverage to violent demonstrations because they are news about which the public has a right to know. The exposure of the violence usually reacts in the end against its instigators. Moreover, since one of the aims of the violence is to gain publicity, the denial of it may encourage the rise of still greater violence to attract it. The totalitarian alternative of total censorship of reports of civil unrest is far more unhealthy, and inconsistent with a reasonable society."

I would suggest that the most important argument against suppression in difficult circumstances, however, is that it is merely another way of declaring "Free Speech! (Until Things Get Dodgy)." Once you require television to shape its output according to the proclivities of a criminal minority you have already lost the battle for free speech.

That seems to be precisely the trap into which the Independent Broadcasting Authority has fallen in preventing *World In Action* from showing—as part of a brilliant exposé of IRA propaganda tricks—one of the dead hunger strikers "lying in state" in a terraced house surrounded by terrorists in balaclavas. WIA was seeking with extraordinary success (it is one of very few programmes ever made on the subject and certainly the best) to show the IRAs' increasing efforts to combine and confuse religious and military paraphernalia. Now the programme has been witheld, thanks to the IBA's fatuously wrong-headed decision. Perhaps they were afraid of thousands of copycat viewers lying in state.

The crucial point about television's supposed power to inspire imitation is that nobody seriously believes that upon seeing the riot newsreels Mary Whitehouse will say "Hey that looks fun, think I'll get me some big boots and nip over to Toxteth." We know that she, like you and me and the stockbrokers of East Grinstead, will dislike it the more we see because television reinforces existing attitudes.

Newsreels may speed the spread of riot techniques, but only to those ready and wanting to riot — not to the members of the Baltic Exchange but to those left holding the mucky end of society's stick. Calling for television to suppress pictures of car-rocking to build barricades, or bottle filling to make petrol bombs is just another way of saying: "If we can suppress this business on television we may be able to suppress the symptoms within society and pretend that nothing is wrong and nobody really wants to riot." Certainly television can accelerate the rate of cultural howl-round, and it can show the Moss Side teenager the Ford Cortina lifestyle that he hasn't got. But it can't make a rioter out of Sir Geoffrey Howe.

The third heartening event of the week (the second being Clutterbuck's book) was Stephen Rose's outstanding documentary made before the riots and shown on BBC1 last night. *War On Crime*, which in 55 minutes systematically tore to ribbons the bizarre myth which has been constructed in the last 15 years or so: that modern British society is unprecedentedly violent and criminal.

It is not simply that undergraduates don't get massacred by the Oxford townees today: Rose's programme showed that our streets — even Brixton's "front line," Railton Road — are remarkably safe, that the rise in crime figures can be explained by the rise in reports of crime, that Coventry for example with a population of 340,000 suffers only one serious crime per day, and that we are in danger of inventing an even more "criminal" society by convicting of "crime" people who in other ages would have been considered merely pathetic, high spirited, or a nuisance.

Full of healthy contrary thinking, this admirable programme made one reflect that while the riots are of course significant in terms of property damage and police injuries and as a sympton, more people died at Chappaquiddick.

* *The Media and Political Violence: Richard Clutterbuck. MacMillan £15.*

Peter Davison (far right) will become the new *Doctor Who* early next year when the series returns twice weekly. But before that, according to the plans for the coming autumn and winter season, recently announced by the BBC's Drama Department, BBC2 will repeat classic Doctor Who stories under the title *The Five Faces of Doctor Who*, featuring all the actors who have played the title role in the last 17 years. L-R above with Peter Davison are: William Hartnell, Patrick Troughton, Jon Pertwee and Tom Baker.

Announcing the plans, Graeme McDonald who has just succeeded Shaun Sutton as the BBC's Head of Drama, said that new series for the autumn would include *The Borgias*, a ten-part series about the infamous Italian family, a four-part dramatisation of *Fanny by Gaslight*, and *Nancy Astor*, a major costume drama series filmed in Virginia. The continuing Shakespeare series will include Jonathan Miller's production of *Othello* with Bob Hoskins playing Iago, and Brecht's *Baal* with David Bowie making his television acting debut.

Covent Garden

Le nozze di Figaro

by MAX LOPPERT

The middle week of the Royal Opera Mozart Festival is given over to another series of Midland Bank Proms. The first of them, *Figaro on Monday*, was a tonic—a pleasure to attend, a pleasure to write about. After the limp first night of the new *Don Giovanni*, it is particularly gratifying to be able to salute Colin Davis's return to Mozartian form. By the splendid occupants of the stalls (whose silent attentiveness and generous enthusiasms were, as usual, a reproach to the fidgeting, chattering tiers around and above), conductor and orchestra had obviously been stimulated and refreshed: the dramatic flow was unerring, the attack fine-nerved and vigorous.

This was a "big house" *Figaro*, its style as apt for the theatre and the Festival as (on this occasion, at least) John Copley's production—wide in tempo contrasts, large in dynamic range (Sir Colin enlarges the third act wedding march into a grander moment of celebration than any other *Figaro* conductor of my experience), forceful and lyrical in equal measure. When this conductor is in his Mozartian vein, one notices—as in the Letter Duet, so beautifully paced and phrased—fresh life stirring in the accompaniments, new blooms, new graces. A pity about John Constable's chattery continuo; a pity likewise that the proper vocal ornaments—*appoggiature*, cadenzas — continued to be neglected at Covent Garden.

Stafford Dean and Lucia Popp

The cast is largely, not wholly, that of the revival earlier in the current season. Thomas Allen's Count, carefully balancing its proportions of explosive temper, dislikeable arrogance, adds detail to an outstanding performance. The Countess of Margaret Marshall is immeasurably improved—a lovely and wholly unaffected characterisation only a little lacking in weight in the second aria. The very Latin mezzo timbre of Margarita Zimmermann's Cherubino may not be to all tastes—it is, very much, to mine—and the sheer exuberance of the character sometimes eludes her neat stage actions; but the long-breathed phrasing, in a sensuously sustained legato, afforded a rare delight.

It is some while since this house saw the battle of wits between master and servant so evenly manned. Mr Allen's Count has been waiting for an opponent of Stafford Dean's vocal and dramatic calibre, and their first London encounter—Mr Dean's Figaro, long admired internationally, has been unduly delayed in coming to town—was undertaken in exhilarating earnest. The two voices, Mr Dean's suave, tangy bass-baritone (especially telling in its low range) and Mr Allen's sharply focussed high baritone, are a match; so, no less, the two intelligences. Lucia Popp is the second important newcomer: a Susanna warm-hearted and earthy; with a full-bodied soprano to irradiate the top line of ensembles and make "Deh, vieni" the emotional climax of the evening. A word only for Artur Korn's Bartolo, as imposing in his London debut as at Glyndebourne. With the whole performance, the Mozart Festival comes firmly into its own.

Elizabeth Hall

Saxton's Chaconne

by ANDREW CLEMENTS

The Chorus of the North East London Polytechnic (indecorously abbreviated to Nelp) is predominantly young, enthusiastic and enterprising. Between Bach's cantata *Ein feste Burg* and Haydn's Nelson Mass on Monday it gave the first performance of Robert Saxton's Chaconne for Double Choir, commissioned by the Nelp Chorus and dedicated to its musical director Michael Kibblewhite.

The Chaconne lasts a shade under 10 minutes. If the title hints at a retreat into academicism on Saxton's part it is soon belied by the piece itself. The use of a succession of four two-note chords as a harmonic skeleton is a neat and workable solution to the problem of providing secure intonation for an unaccompanied choir of amateur singers. The text is taken from Psalm 122, "a wonderful synthesis of resignation and rejoicing," as Saxton describes it. Much of the work is taken up with the gradual statement and elaboration of a single alleluia; the rest of the text is delivered more concisely and the music fluctuates between a definite rhythmic chanting and more ambiguous layers of sound which gradually shift and realign themselves, passing syllables and pitches from one choir to the other.

There are a couple of moments when Saxton's concern for the practicalities of choral writing brings him preciously close to some of the clichés of contemporary liturgical music. It is fascinating also to hear how a composer whose style is intimately bound up with the manipulation of highly intricate textures adjusts to the larger-scale gestures of such a piece. Yet Saxton succeeds in producing a seamless whole, elegantly shaped and harmonically clear-cut. The single reservation is that the chaconne could have been longer, that the working out of the opening suggests greater potential in the material than Saxton has allowed himself to use. Excellent performance from the Nelp Chorus under Mr Kibblewhite.

Tricycle, Kilburn

Exit the Maids

by MICHAEL COVENEY

A theatre that sets out to adopt every just cause is liable to forfeit any claim to an identity. This could be the fate of the Tricycle in Kilburn High Road where, in recent months, we have seen a striking *(sic)* repertoire of plays about croupiers in the South of France, telephonists in Los Angeles and now hotel-maids in San Francisco.

The visiting company this time is Lilith, a San Francisco feminist troupe who exchanged typewriters for tape-recorders to monitor the strike of the Hotel Workers' Union in their home city. The resultant show, unfortunately, has the kiss of cliché, if not of death. Of course the girls have a case, changing sheets and cleaning out toilets for less than $5 an hour. The narrative line however is thin, verging on ephemeral, the songs (eight of them) indifferent and the overall impact as soggy as being hit in the face with a cream-puff.

Jenny (Kitty Tsui) has been bending her back for 25 years while Cleo (Deb'Bora), a pop-eyed black momma figure, has progressed to intermediary management status. The new girl, Esperance (that means "Hope," says Shirley Bossier, a likable cross between Bea Little and Barbra Streisand), is collared by the militant Jasmine (Marga Gomez) and diverted from her shoulder-shrugging, bed-making routine and Hoover tango into political awareness.

The tripartite direction of Judith Nihei, Michel Linfante and Joan Mankin sets the action on a bare stage decorated with three hanging sheets. The journey to the picket-line is charted in a series of sharp little dialogue scenes of no especial calibre until the initial tableau of routine servility is transformed into a pot-banging finale. This takes just 75 minutes with a little light relief as two lady tourists resident in the hotel are frightened downtown by a display of protesting banners.

Guinness design award

Guinness is to sponsor a Royal Society of Arts bursary for design students starting next year. Mr Edward Guinness, director of the company, announced the £2,000 Guinness Design Award at a Design Council reception at the opening of an exhibition at the Design Centre in London.

Fortune

Pleasure and repentance

by ANTONY THORNCROFT

The Royal Shakespeare Company is celebrating the Royal Wedding by sending each night a small group of actors along to the Fortune Theatre to present readings on monarchy, in *The Hollow Crown* which makes it seem a really rotten job, and now love, with *Pleasure and Repentance*, which suggests that the grand passion is also something to avoid if humanly possible.

On Monday Susan Fleetwood, Tony Church and Michael Pennington, with Adrian Harman on guitar, were on display, grappling with Sir Walter Raleigh's insistent questions, "But what is love?" He supplied his own answer "It is that fountain and that well where pleasure and repentance dwell," but the pleasure was strictly limited in this selection from poems, plays and novels from Shakespeare to Mickey Spillane. Only two items dwelt on the enjoyment of love: there was much more on its frustration and disillusion.

Some of the more sombre moments were the most impressive, especially Tony Church reciting Auden's ballad on jealousy and madness "Victor" and Shaw's genial description of the cremation of his mother, hardly appropriate but welcome because unfamiliar. Usually it was the better known contributions that fared best, Tennyson, strangely sensuous in "Now sleeps the crimson petal, now the white," and Shakespeare's beautiful "on such a night" passage from the Merchant of Venice. Susan Fleetwood reciting "Satisfaction" was uncomfortable rather than illuminating.

There was a good enough mixture of the surprising and the obvious to make this an ideal summer entertainment. Directed by Terry Hands it moves quickly; makes few demands; and while being both unromantic and unerotic it at least made love seem interesting, although in the end perhaps Mr Pooter's cosy description of the quiet pleasures of domesticity in Holloway was the most appealing testimonial.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

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Wednesday July 15 1981

Calling off the hunger strike

RECENT EVENTS in Ireland—in particular the talks between the British Government and the Irish Commission for Justice and Peace over the hunger strikers in the Maze Prison—have been somewhat obscured by the developments on the streets at home. They should not, however, be overlooked.

What seems to have happened is this. There is now at least a potential rift between the prisoners and the hard-line Provisional IRA organisers outside. The hunger strikers are beginning to object to giving up their lives for no apparent reason. In this they have the support and sympathy of their relatives, of some of their fellow prisoners who may be called on next to join the strike and of at least part of the church.

Mediation

There has been an attempt at mediation between the Irish Commission and the Northern Ireland Office. For reasons that are still not wholly clear, it broke down last week—but not without progress having been made. The Irish Commission is composed of both Protestants and Catholics and has access to the prisoners.

It tends to be dismissed by the British authorities as slightly starry-eyed and unaware of practical political problems. Nevertheless, it had succeeded until last week in clarifying some of the prisoners' demands for improved conditions and persuading the Northern Ireland Office that some genuine movement was afoot.

The mediation came to a halt when one of the hunger strikers died at a crucial stage in the talks and the British declined to send an official to hold discussions with the prisoners.

Since then Anglo-Irish relations have threatened to deteriorate seriously as more prisoners die, including perhaps Mr Kieran Doherty who was elected to the Dublin Parliament while on hunger strike in the Irish elections last month. By all normal patterns his condition will become critical towards the end of this week.

Talks between the British and Irish Governments continue. They took place in London at foreign minister level last Friday and again in Brussels on Monday, but so far without any public result. There are only a few days left in which the mediation attempt can be resumed before more deaths.

There are clearly two views on this in Britain. One is that the hunger strikers have brought their fate upon themselves and anyway their actions have caused less of a stir than they might have done. In other words, let them die and ride the storm. The other view—favoured by the Irish Government—is that any potential rift between the prisoners and the IRA outside is worth exploiting or at least exploring. The prisoners have not—as is often alleged—asked directly for political status, but rather for changes in the prison regime. They are now ready to call off the strike—so this view goes—provided that they are given some relaxation of the prison rules in return.

It is quite possible that this latter view is wishful thinking, though it is striking that the prisoners have asked for talks, appear to have lessened their demands and even now — after last week's breakdown — want the talks to be resumed.

The British Government is plainly in a delicate position. It cannot, and should not, grant anything like the status of political prisoner. Equally it does not want to be seen to be negotiating with the inmates of the Maze Prison. Yet—to put it no higher—there is a glimmer of hope: the prisoners might end the strike if some of their demands are met.

Approval

In our view this is a chance which must be taken. The risks of ignoring it are a victory for the IRA, more deaths and more disturbances in both Ulster and the Irish Republic and a worsening of Anglo-Irish relations. Yet if the strike were to be called off, the IRA leadership would suffer a major defeat and relations between London and Dublin would be free to pursue their more promising course of the last few months.

The Irish proposal is that a British official should go to the prison to explain what relaxations in the regime are possible. It is now understood to have the support of at least part of the Northern Ireland Office. It needs approval only from the highest quarters. That approval should be given today.

A setback for African unity

THE ability of African nations to resolve their disputes in a way which avoids outside intervention or interference is increasingly open to question. The Organisation of African Unity (OAU), the umbrella body set up to do just that—to work out indigenous solutions to the inevitable conflicts of the post-colonial era—has a poor track record: its secretariat is virtually powerless in the face of non co-operation from member states, while its annual summit meetings have often become unwieldly and expensive.

Last month's meeting of the organisation in Nairobi did a little to dispel the gloom. There was just a hint of progress on two long-standing disputes: the conflict between Morocco and the Polisario Front guerrilla movement in the Western Sahara, and between Ethiopia and Somalia in the Ogaden.

On the other hand, the summit failed to make any headway towards a solution in Chad, where 12,000 Libyan troops are propping up the government, or to resolve the border dispute between Nigeria and Cameroon. On the question of Namibia, the meeting had no new proposals to make to achieve early independence and South African withdrawal.

Decision

It was in its closing moments, however, that the African heads of state took a decision — as much by default as by design—which could yet prove to be the most divisive to date: to hold next year's summit in the Libyan capital of Tripoli, and to elect Colonel Muammer Gadaffi as its next chairman.

There are already rumblings of discontent about the wisdom of allowing the Libyan leader to be the chief spokesman of black Africa—and there are likely to be deepening divisions within the African camp as the summit draws near.

Colonel Gadaffi's nomination is in itself a sign of weaknesses and rifts within the organisation. When the Libyans pulled off their diplomatic coup in Niarobi by persuading the African nations to come to Tripoli, many African countries were unhappy with the idea but had no good alternative to propose: the cost of staging the annual summit is too much for most African countries to bear.

It is ironic that, in the past, Colonel Gadaffi has expressed scant respect for the OAU and has rarely attended its annual meetings. Moreover, he is currently in flagrant violation of the OAU principle of non-intervention in other sovereign states while his troops are stationed in Chad.

The two points of progress—Morocco's conditional acceptance of a referendum in the Western Sahara, and the agreement by Ethiopia and Somalia to talk over their Ogaden dispute—are fragile in the extreme. Any rough handling could destroy what has been achieved. If the current chairman of the OAU, President Daniel arap Moi of Kenya, can nurture the hope of a settlement, there can be no guarantee that the cavalier Colonel Gadaffi will not destroy it.

It is far more likely that his year's chairmanship will bring Arab issues to the fore. Several African countries have already expressed their unhappiness at the amount of time given in Niarobi to discussions of the Egyptian-Israeli peace treaty, to the detriment of African problems.

Nigeria has said it will not attend the next summit unless all OAU members, including Egypt, are invited. Black Africa is also anxious to persuade Libya to withdraw its troops from Chad.

Solutions

Whatever the weaknesses of the OAU, it remains the only organisation which can coordinate African solutions to African problems. Super-power involvement in areas of African conflict tends to cause automatic polarisation—whether it be the presence of Soviet or Cuban troops in Ethiopia and Angola, a U.S. base in Somalia, or French troops in Zaire.

The OAU under moderate leadership could still provide an agreed forum for solving African disputes, and it, therefore, offers the best hope of long-term African stability. But an OAU under the volatile guidance of Colonel Gadaffi is a dangerous prospect.

THE SCARMAN INQUIRY

Why the police don't play cricket in Brixton today

By Lisa Wood

IT may seem a world away now, but ten years ago in Brixton there used to be an annual cricket match between the West Indian community and the police. Policemen and their wives even attended local West Indian social events.

This intriguing glimpse of a very different past, and much else besides, emerged in the first phase of the Scarman inquiry into how Brixton came to explode earlier this year. After 20 days the first phase ended last Friday and from it there emerged a unique picture of the tensions in an inner city community in Britain. (The second phase of the inquiry has now started. It will take evidence from other areas.)

The cast of characters in Lambeth Town Hall ranged from immaculately dressed white policement to angry and contemptuous black barristers. But the rioters themselves were absent.

Not once did the inquiry hear in public the views of any young black about the weekend disturbances or about police tactics, past and present, which dominated the inquiry.

Yet, said Mr John Fraser, Labour MP for Norwood, on the 17th day of the inquiry, Brixton broke four taboos. Petrol bombs were thrown. Buildings were burned down. Shops were looted. Rioters wore masks.

It is a picture which has become depressingly familiar elsewhere in Britain in the past ten days.

The explosion was touched off by an incident on April 10 when two young constables applied first aid techniques to a black youth who had been stabbed.

"They (a group of black youths) were trying to ask us why we were keeping him there, and why an ambulance had not been called. They accused me, or us, of killing him" PC Simon Lock told Lord Scarman.

The next morning, after a night of rumours that the boy had died, an intensive anti-street-crime police Operation, Swamp 81, continued in the area. And that afternoon the stopping of a black motorist suspected of a drugs offence started a chain of events which resulted in two days of violence unprecedented at that time in modern mainland Britain.

The inquiry was concerned with an inner city community where, according to Chief Superintendent Ploughman, who planned Swamp 81, there were "30,000 law-abiding black people but among them are between 200 and 400 people who are committing crimes."

During the week before the riots, while Operation Swamp was active, some 1,000 people were stopped and searched, 78 of whom were arrested. (Blacks make up 42 per cent of the 66,000 population of Brixton.

On one side were the critics of the police. "If you criticise them," said the Rev Graham Kent white vicar of Railton Road community centre, "you are branded a Communist or anarchist."

Mr Courtney Laws, a Jamaican who has lived in this country for 26 years, spoke of a changed attitude towards the police. Now there is a "youthful and young group of alienated people, unemployed and disillusioned," he said.

But the police were equally adamant that they were not to blame. Commander Leonard Adams spoke of the problems of policing a multi-racial community "where there is a disproportionate involvement of West Indian youths robbing white people." Anybody wearing a uniform "who might be regarded as a symbol of authority, whether he was a policeman, a fireman, or an ambulanceman, was attacked that night," said Mr John Hazan, counsel for the Metropolitan Police.

Lord Scarman heard from 50 people during the inquiry. But six stand out as symbols of the main themes that emerged.

Commander Leonard Adams, in charge of "L" district (which covers Lambeth) between December 1977 and October 1980. "I pay attention to all crime, but I am particularly concerned in relation to the (fact that this district has the) highest record of robbery and violent theft in the whole of the metropolitan police," he told the inquiry.

To combat this he made extensive use of stop and search powers and called the Special Partol Group into the area three times. "The object of having an SPG to deal with street crime was to relieve local officers to concentrate on burglaries," he said.

In November 1978 Mr Adams called in the SPG, three days after he had met a newly-formed police - community liaison committee, members of whom had strongly objected to the use of the SPG. "No good general declares his troops before an attack," he said in a television interview at the time.

From that time on relations betwen the police and various community bodis deteriorated. The local community relations committee formally broke off links after three of its officers were arrested in their office in March 1979.

"I insisted that the operational policing of the area was my responsibility and that I would use additional police officers from outside if I thought necessary," Mr Adams said.

Then there was Mr Ted Knight, Labour leader of Lambeth Council, described by Mr Adams as "a political extremist." Commander Brian Fairburn, who took over from Mr Adams in October 1980, wrote to Mr Knight in November 1980, saying that he was anxious to increase contact between senior police officers and local councillors.

Mr Knight replied: "I am still concerned at the existence of a high level of street crime and the effect it has on the surrounding community, but I am also concerned about its cause and its effective reduction. I do not feel the temporary drafting in of the SPG is an effective long-term deterrent."

Mr Fairburn never called in the SPG. But he did initiate Swamp 81, which used plain-clothes officers from his own division.

He said he was aware that in an area like Brixton it "may well cause hostility," but did not detect any particular heightening of tension. He described his formal links with community leaders as "delicate." When misunderstandings arose, he said, "there did not seem to be any contact points."

When the riots were at their height Mr Knight could not contact Commander Fairburn. Instead he listened to the police radio messages and said he heard one which caused particular concern: "The superintendent in charge of these serials (a unit of 20 policemen) is a little concerned. Some or, most of his men have only two weeks', repeat two weeks' service." And it emerged that Brixton, like other areas of London, did indeed have relatively young force. Some 50 per cent were under 25.

Three days later Mr Knight told Mr Fairburn that his method of policing Brixton had failed. "I did mention the fact that we were trying to get democratic control of the police," Mr Knight told the inquiry.

Third was PC John Brown, one of Brixton's 13 home-beat policemen with responsibility for the Railton Road area where Chief Supt Ploughman told the inquiry, the community included some "200 blacks, unemployed or Rastafarians, anti-authority, living in squalid housing, most of the time engaged in the handling of drugs, probably illegal drinking and receiving stolen goods."

Five years ago PC Brown said he visited Railton Road Community Centre three or four times a week. Now, the number of visits is down to one a fortnight. The reason: "We are often used for demonstrations in other parts of London, duty at football matches and that sort of thing," he told Lord Scarman.

On the Friday evening, when it was rumoured that the stabbed youth had died PC Brown was not on the streets. He was guiding one of the vans brought in from outside to police the area.

Mr. Courtney Laws, of the Brixton Neighbourhood Council, picked up a common thread: "The hostilities and the allegations that are made by young people, in particular about police attitudes, are far in excess of those in the early 1960s," he said.

"What you are saying really is that the police became more active, more intrusive," said Lord Scarman. "Yes," said Mr. Laws.

Mr. Laws was called to the police station after the Friday evening stabbing. He said he warned of possible trouble if the high police presence was not lowered. The police, he told the inquiry, said they had to maintain law and order.

On the Saturday afternoon Mr Laws watched his prediction come true. There was no evidence, he said, "of any co-ordinated attempt by the police either to suppress the looting or to protect business premises." He concluded his evidence saying: "The streets of Brixton must be policed but the method of policing has got to bear in mind the mood of the people who live and work in it."

Mr Rudy Narayan, a Guyanan barrister, was more militant. Originally he had said he would boycott the inquiry but appeared for the Brixton Legal Defence Group, taking an apparent delight in needling police witnesses. During the course of the inquiry he tried to get it adjourned, pending the trial of those accused of committing crimes during the riots. The police, claimed Mr Narayan, were "rehearsing their evidence."

"If you want to harass a community and start a riot all you have got to do is stop and search innocent people without reasonable grounds," he told Mr Adams.

Mr Narayan made much use of a Working Party Report into Police Community Relations in Lambeth, published this January with the endorsement of the local council. It made serious allegations—many of which were anonymous—of police misconduct.

The police were not formally invited to give evidence to the working party. Commander Brian Fairburn said he took note of it and that police in fact tried to trace some of the anonymous complaints. But he said: "I believed it to be exaggerated and I believe it to be representative of the views of only a part of the community."

Finally there was Lord Scarman himself. For 20 days he sat, attentive to every word.

"Would it be useful and democratic to have black people sitting in judgment of police officers?" said Mr Narayand at one point.

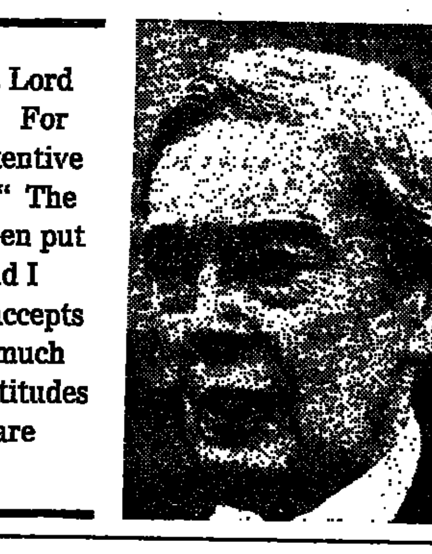
"The use of the adjective 'democratic' after 'useful' adds nothing to my thinking. It merely adds a political dimension to what you and I know, and what Mr Knight has been careful to observe, is a non-political inquiry," interposed Lord Scarman.

What he thought about it all will not be clear until his final report comes out, probably in October. But from time to time he made his thinking clear. He expressed concern over the "haphazard" manner in which police responded to the weekend's disturbances and the need for better defensive equipment of officers dealing with a serious public disorder.

At the same time, in questioning Superintendent Finlay MacLennan, Brixton's community liaison officer, Lord Scarman said there was a case that metropolitan boroughs should have the statutory right to be heard on police matters and that the police complaints procedure should include an independent element in order to gain the community's confidence.

"The point has often been put to this inquiry and I think everybody accepts it, that we are as much concerned with attitudes and beliefs as we are with facts," he added.

> Finally there was Lord Scarman himself. For 20 days he sat, attentive to every word . . . " The point has often been put to this inquiry, and I think everybody accepts it, that we are as much concerned with attitudes and beliefs as we are with facts."



MEN AND MATTERS

Cock-a-hoop

Good news for shareholders in the Barrel-Proof Co. of Frankfort Valley, Kentucky. The latest annual report is in the mail, covering the period 1880-1980. "The reason is," explains Barrel-Proof, "that until recently the company did not know who its shareholders were."

Most records were lost when, in 1966, a group of dissident stockholders burnt the directors in effigy, using stock certificates as kindling. "Based on oral history," reckons Barrel-Proof, "sales for the 100-year period ended December 31 1980 advanced 3 per cent. This is somewhat short of what we projected, and considerably less than the 4,000 per cent growth in earnings experienced by other companies in our Standard Industrial Classification Code." Earnings per share are said to be "off a tad."

A potentially damaging tax action was, however, staved off "by consolidating all company tax records in an old mobile library truck, which is immediately driven into another IRS jurisdiction whenever the local agents are spotted on their way to the company's offices."

Among bright spots for the century, the employee cafeteria, "which provides nourishing meals at a high price," has become "the company's leading profit centre. . . . We hope to increase revenues in the coming years by extending the lunch period."

Output has soared since the company abolished its quality control programme, while the company has also benefited from "doing away with our elaborate employee communications programme built around a four-page newsletter, and we have gone back to name-calling and throwing things. This approach not only works better but is a lot cheaper."

"Economic conditions," reports chairman Beauregard Proof III, "are too uncertain for us to make any appraisal as to the future direction of our operations. If the economy should continue to decline in the first half, then recovers in the second, it could have a salutary effect on our business. Then again it might not."

Clearly an exemplary and frank management. But before you rush to subscribe for common stock, I should point out that production of the report may have been more than a little assisted by the heady fumes arising from the Old Grand-Dad bourbon factory which, as chance would have it, appears to occupy premises not unadjacent to those of the legendary Barrel-Proof, and to have taken the unorthodox step of advertising prominently in the august document.

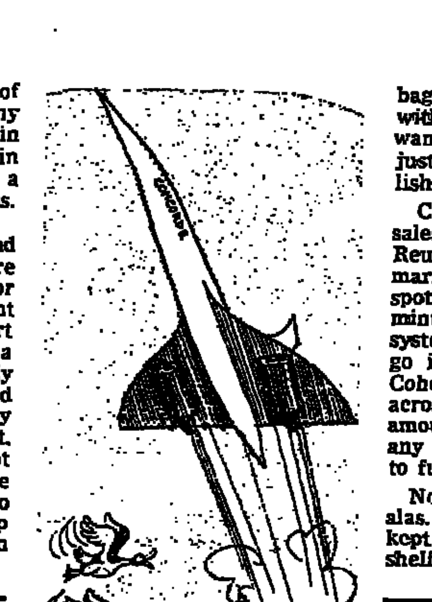
Back on tap

Such has been the silence emanating over the past 18 months from Sir Kenneth Selby, chairman of Bath and Portland construction group, that some in the City feared he might have cemented himself into one of his own roads. Happily, the jovial Selby is very much back on the scene as of yesterday, with the disruptions caused by the group's aborted £160m Iran road contract well under control, and settlement in sight.

Bath has been negotiating claims against the Export Credits Guarantee Department, has reported receiving £8.3m, and expects a final settlement by its year-end in October.

Selby admits to giving way briefly to despondency early last year when "we were relying on the goodwill of our suppliers and bankers to survive." Bills for Iran were piling up, the ECGD was talking tough, and 1,000 employees, a quarter of the group total, had to be laid off.

With borrowings now down to a tenth of shareholders' funds, and £30m in overseas construction contracts already lined up this year, Selby is back on the trail of foreign work. But after Iran, is it still worth putting Bath's head above the parapet of foreign political uncertainty? "If you've got to, you've got to," says Selby. "And besides, what is there to do in this country?"



"One of the lucky ones—it's a protected species."

Cash and carat

The first gold shop opens its doors in London today—strategically placed between a shoe shop and a jeweller's by the back doors of the Pru in Greville Street.

Going into the retail trade was just the next, natural step, says Ronnie Cohen, chief executive of the Bullion Company. "The man in the street should be able to buy and sell just like the large dealers. But I ask you, where would you go to buy a bar of gold?"

Well, I know now. Cohen is offering bars of the stuff from five grams to 12.5 kilos (£34.65 to £86,627 at yesterday's prices, plus vat, of course) to anyone who steps into his emporium. "Take it away in a shopping bag, if you like," he says. People with an old bar or two, or unwanted jewellery to sell will be just as welcome at the establishment.

Computer terminals at the sales counters, linked through Reuters to the world money markets, will provide on-screen spot prices for customers, minute by minute. "It is this system that has enabled us to go into the High Street," says Cohen. "It means we can deal across the counter in any amount of gold and in almost any type from bars and coins to futures."

Nothing for window-shoppers, alas. The merchandise will be kept in the vaults not on the shelf.

Stirring news

Hong Kong stock market report received yesterday by City stockbrokers Brewin Dolphin: "On the down side, Marvellous Investments dropped 35 cents to $4.15 after the chairman was sent to gaol for obstruction of justice."

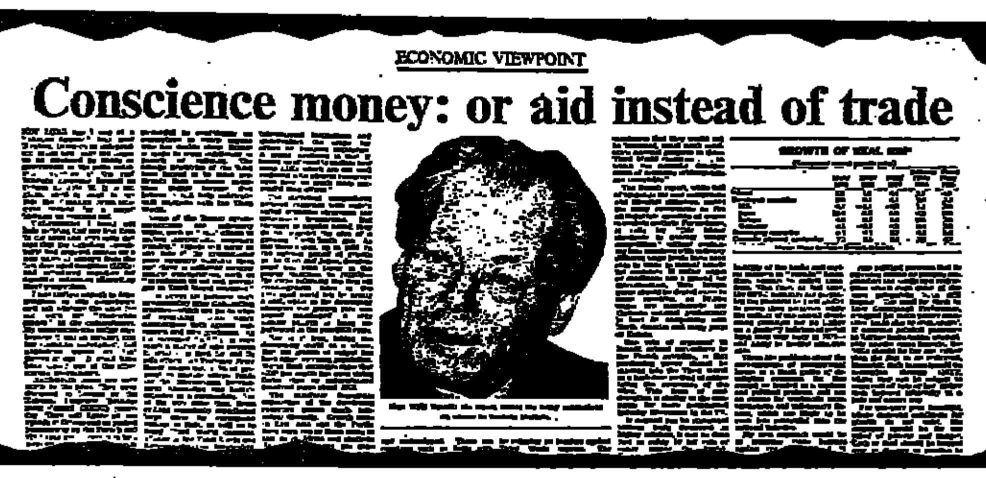
Spellbound

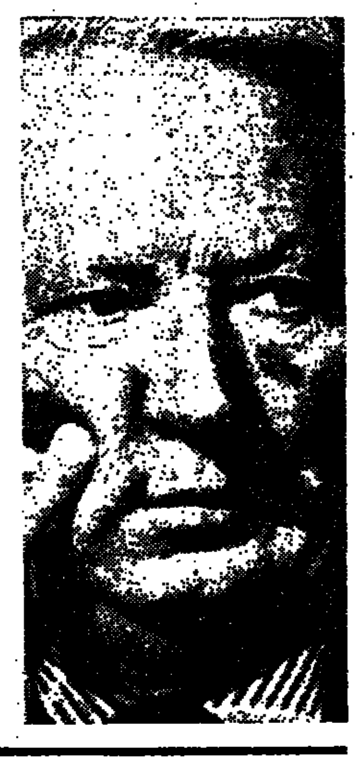
Following my report yesterday of the riotous old boys' dinner, a colleague recollects a similarly distressing speech made at a gathering of Harvard alumni. Almost an hour into his speech, the guest of honour began his rhetorical climax on an alphabetical theme. "Harvard," he began, "the H stands for Honour," a virtue to which he devoted a ten-minute digression, "the A stands for assiduity," similarly the subject of a prolonged analysis. "The R. . ." he continued in full flow, only to be cut off by a tired voice from the back which interrupted "thank heavens we didn't go to the Massachussetts Institute of Technology."

Observer

THIRD WORLD POVERTY

Why it must be right to give aid


ECONOMIC VIEWPOINT
Conscience money: or aid instead of trade



Mr Edward Heath (right), one of the authors of the Brandt Report on North-South relations, replies to Samuel Brittan's Economic Viewpoint which appeared in the Financial Times on July 2

ALMOST EVERY new departure in the history of ideas has provoked strong and sometimes violent opposition. This was as true of the abolition of slavery as it was of the invention of the electric light bulb; as true of the first piece of labour legislation as of the discovery of gravity.

Attitudes have not changed. The out-and-out opponents of a new structure of economic co-operation between the industrialised countries and the various groups of developing countries are characterised by a similar type of drunken paranoia. Their every intellectual sinew is strained to make reality conform to their prejudice: and every argument or fact which they otherwise know to be correct is subverted to the battle against change which they are so tenaciously waging.

This is the style of Samuel Brittan's vituperations against the Brandt Report (Economic Viewpoint—Conscience money: or aid, instead of trade, July 2). He has fallen straight into the old trap laid by blind prejudice, which is to deploy truisms to which nobody could take exception in order to denigrate, explicitly or implicitly, the arguments to which he objects.

Who would not join Mr Brittan in his support for the assertion in a recent CBI paper that reforms of the international financial institutions would not be a "decisive solution to the problems of development"? But this statement surely does not undermine the validity of such reforms, as he clearly implies it does. Nor does the correct assertion that "it is very much a matter of who receives" aid and "what it is used for" reinforce the case against aid, as Mr Brittan intends it to do. It is only a reminder that aid must be used effectively by the recipients, as the Brandt Report recognises in an entire chapter devoted to "the task of the South."

Similarly, one cannot but agree with Mr Brittan's impassioned plea for the West to dismantle its barriers to imports from the "South." He correctly points out how seldom it is appreciated that the UK had last year a surplus of £1.5bn in trade in manufactures with the main 23 newly-industrialising countries. But this, too, does not constitute a disproof of the case for aid. Would Mr Brittan have applauded if General Marshall had told Europe immediately after World War II that we had better not expect any American aid, but that, of course, the U.S. would be prepared to grant free entry to any goods which we were capable of manufacturing? If this was the only contribution which the U.S. had made to Europe's industrial growth, it would not have been anything like as spectacular as it was; and, as a result, it would have taken longer for the American economy to adjust from its war-time production to meet the new industrial demands of a world at peace.

Of course, the industrial development of the South is a far more complex challenge than the reconstruction of post-war Europe. No Third World country possesses the economic experience of the major European powers; the number of recipients would be far greater: and the trust between donor and recipient, which was so characteristic of the Marshall Plan, is often absent. But the principle remains valid; and it is one which Mr Brittan singularly failed to disprove in his article.

In fact, so weak was his argument that he seemed forced to resort to the preposterous suggestion that because Canadian politicians find themselves under heavy pressure to protect certain domestic industries from competition from developing countries, this must mean that all Canadian aid is nothing more than "conscience money." It so happens that in the real world politicians are sometimes forced by domestic pressures to do things, such as raising trade barriers, which are against their better judgment or which conflict with other policies, such as aid for industrial development in the Third World. Mr. Brittan must be aware of this glaringly obvious fact of political life; yet he has chosen to disregard it simply to be consistent with his own prejudices.

The same is surely true for his astonishing assertion that because growth rates in much of the developing world have been greater than in the industrialised countries, the "popular belief" in a growing gap in wealth between North and South is unsupported by the evidence. It is embarrassing to have to point out to such a well-known economist that if country A has an economy 10 times the size of country B, but grows at only half the rate, the gap in their absolute size will nevertheless grow, *not* shrink.

Not content with this attempt at engineered complacency, Mr. Brittan goes on to deride the "fashionable argument" that the commercial banks are becoming overstretched in their lending to a number of non-oil developing countries. Since the deficits of these countries are "no higher on a properly inflation-adjusted basis than they were in 1975," his argument goes, this shows how foolish it is to worry about their credit-worthiness.

This is a *non sequitur*. What matters is not the absolute size of a country's payments deficit but its ability to support and sustain it. And here the situation is not so rosy. For many developing countries, as a result of high oil prices and high interest rates, debt and even interest payments are now growing at a higher rate than their foreign exchange earnings.

In addition, it is a fact that expanding borrowing by the Third World within the international financial system is no longer producing an increase in net transfers to many developing countries. This has produced a situation where the debt of Brazil, for example, is around four times as great as its export earnings and almost one-third as great as its entire GNP. It is sobering to remind ourselves that Poland, whose economy western governments have recently had to save from collapse, has a national debt which is only one-and-a-half times its export earnings and which amounts to less than one-fifth of its GNP.

For some developing countries this situation is fundamentally unsustainable. It is being exacerbated by rising interest rates, and by protectionism in the North which further stifles growth in export earnings in the South. No wonder that many commercial bankers are becoming more nervous about lending to the Third World. For governments, the stark reality is that a default by a developing country could trigger a serious collapse in confidence by private lenders, which in turn would badly weaken the entire western banking system. The almost inevitable result of this would be massive instability in the world's monetary arrangements.

This is why it is now necessary for the international financial institutions — particularly the IMF and the World Bank— to play a greater role in channelling funds to the developing countries. Since the major industrialised countries are all in deficit and have substantial constraints on their public spending, the bulk of the additional funds which are required will have to come from those countries which possess the larger part of the world's financial surpluses — namely, the major OPEC countries.

But this will not happen unless these countries are given decision-making powers within the IMF and the World Bank which are more closely related to the size of their contributions to them. It is true that the recent deal between Saudi Arabia and the IMF doubled its voting powers in that institution. But that still leaves it with the smallest ratio of votes to dollars contributed of any member of the Fund. Given its record of financial prudence in lending to non-oil developing countries, the West cannot credibly oppose a fundamental reform of this inequitable situation on the grounds that it would undermine the financial responsibility of these institutions.

If the funds thus acquired by official institutions are to reach those developing countries which cannot afford to borrow substantially more from the commercial banks, a greater proportion of their lending will inevitably need to be subsidised. Indeed, it would probably put less strain on western public budgets to subsidise the lending of OPEC capital to the Third World than to provide loan capital itself.

By a similar process, capital needs to be transferred to poor Third World countries for the development of sources of energy which are not large enough for the private corporations to risk the costs of initial exploration and development. Such modest discoveries of energy could greatly improve the payments positions and growth prospects of countries which lack the foreign exchange to import even the limited quantities of fuel which they require.

I have no doubt that these methods for encouraging transfers of loan and equity capital to the South will cause great offence to free-market purists, and their theoretical model of the world. But for many developing countries — and perhaps in the long run for the world economy as a whole —policies such as these constitute the very ingredients of survival.

Letters to the Editor

Action is possible

From Mr E. Singer

Sir,—Your leading article "Responding to the riots" (July 13) is an excellent analysis of the action which is required. Your plea that there is a need to co-ordinate the use of money already allocated is timely.

Let us suppose that local community leaders in only 6 of the stricken areas were asked "What would you organise if you were given free labour, free instructors and free materials to enhance the living conditions of ordinary people in, say, Toxteth, Brixton, St Paul's in Bristol and Moss side?" The answers might vary from doing something to ensure that no-one lived in a house with paper coming off the walls through damp, to converting derelict property into a sports centre.

A programme of this kind could be organised immediately. The special programmes division of Manpower Services Commission could provide the free labour through the youth opportunities programme; instructors could be provided through the community enterprise scheme and the Industrial Training Boards: the materials through the urban renewal and house renovation programmes. Taken together this would create a new kind of enterprise one which would have the support of the local people because it would be run by local people themselves.

The mechanisms exist for action in the MSC and ITBs. We have skilled people who know and have experience of taking action quickly. In the community leaders we have people who, given help and resources, are capable of supplying leadership to harness the efforts of local people and of supplying local direction to a local programme.

The major stumbling block might be the unwillingness of government departments and the Treasury to co-operate and to release resources with the necessary speed and spirit of enterprise. Surely the Cabinet can give instructions to the special programmes division of MSC and the other government departments who will provide resources, to get on with the job? They already have sound contacts with community leaders and local authorities which are the essential prerequisite for success.

J. Singer.
Claremont Road,
Windsor, Berks.

Divestment and divorce

From Mr J. Burrows.

Sir,—Members of Lloyd's who like myself, are not working names, are faced with deciding how to vote in divestment and divorce before next Friday's ballot.

The Parliamentary committee on the Lloyd's Bill reached its decision requiring our vote, after hearing the evidence given by leading working members of Lloyd's over six days.

On divestment, it is now ten years since Mr Justice Donaldson, giving judgment in the Berkeley v North and South Trust Company case, said that the committee of Lloyd's should take steps to change the practice whereby a Lloyd's broker acting for both the person who had taken out the insurance, and the underwriter, was inconsistent with the general principle of law of agency. This has been upheld by both the Cromer and Fisher reports, and divestment is the remedy. If divestment is enacted it should be within the capacity of individual members to acquire the shares of the underwriting syndicates in which they participate.

Divorce, or the separation of interests precluding managing agents from acting as members' agents, needs our agreement for the Bill to proceed. It is not, however, entirely clear why there needs to be both managing agents and members' agents to represent us to the active underwriters and look after the accountancy.

The Fisher report gives some guidance, particularly where it states "A member's agent can give unbiased advice to names as to what syndicates they should join." "He may be able to place names with syndicates managed by different managing agents. A managing agent on the other hand will tend to be biased towards his own syndicates, and he will be less inclined (and perhaps less well able) to place names on a range of syndicates." So we have again the problem of serving two masters.

Once interests have been separated, segregation of the electorate should no longer be necessary, since the fear of broker nomination, with alleged consequent manipulation producing erratic and unpredictable results from those members who provide 90 per cent of the market's capacity, but do not work at Lloyd's, should no longer arise.

By a simple amendment to Section 3 of the Bill the present single electorate system could continue for all members, by postal ballot. Surely all members would agree with this since it must be the only democratic system for a society whose world-wide membership has identical interest, and would not wish to be disenfranchised.

It was the proposed division that initiated the petition against the Bill. Division leads to divestment, and failure to divest leads inevitably to divorce.

Divorce can be avoided, even at the eleventh hour, and the union saved, by the parties resolving their differences and presenting a united front to face the future together.

J. D. Burrows.
Copyhold, Bury,
Pulborough, Sussex.

The Lloyd's debate

From Mr M. Cockell

Sir,—We have seen last week the chairmen of two of the big eight Lloyd's brokers and the deputy chairman of one expressing views that the Lloyd's Bill is a "mess," that the present Act has served us well for 100 years, that brokers should not be "eliminated," that maybe the Bill should be withdrawn, and that the referendum was "guided."

I have underwritten in Lloyds for 28 years for two syndicates both owned and managed by members of the big eight brokers. May I put some views in all modesty from an underwriter's point of view.

The Bill is not a "mess." It contains an absolutely unacceptable feature namely divorce. Without divorce the Bill has something for everyone who has expressed a public opinion. Parliament has divestment. Lady Middleton has achieved two extra representatives on the council for external names, there are tighter provisions about fraud in schedule two, the committee has immunity, and above all there are the powers of discipline so sorely needed.

The referendum was not "guided." No advice about divorce was given by the committee, such advice as was given was given by those charged with that responsibility, the agents.

Divestment naturally is the point brokers and some underwriters are most worried about.

Parliament sees a conflict of interest in the assureds' agent (the broker) owning the insurer. And in theory there is such a conflict. It is more apparent than real in Lloyd's, but to an outsider it exists. It is no good talking about withdrawing the Bill and discussing with brokers other ways of achieving the desired result, any Bill will have divestment written into it by Parliament. Brokers must realise that they are being asked to transfer the management of their syndicates while retaining, if they wish, their existing income as members agents. They need be no worse off at divestment than they are now.

I believe very deeply that Lloyd's syndicates need to be divested. I don't believe it because I think brokers have abused their ownership far from it they have acted most responsibly. I believe it because I see signs of the lethargy which comes from a too comfortable existence. It is a subtle comfort of knowing that behind the syndicate is a large paternalistic owner. Those who are independent don't understand, those who aren't don't want to. People like security. There are not too many natural risks taken in life. Lloyd's is a market place of multi-sized stalls selling insurance, each with its own character, and ownership by even the more understanding and responsible companies is alien to the health of such a market as I have described. Each for himself and not one for another may seem a selfish edict but that is a market. Together we stand, divided we fall is the definition of a tariff organisation not Lloyd's.

So no more talk about eliminating brokers. We need them as much as they need us. But they won't need us if we become a dozy comfortable City club, only if we are vigorous, virile and providing them with what their clients need. Let us all work to get the Bill through Parliament without divorce as soon as possible.

M. H. Cockell.
Lloyd's, EC3.

The issue of immunity

From the Deputy Chairman, Association of External Members of Lloyd's

Sir,—The continuing debate on reform at Lloyd's focuses attention on the issue of "immunity" which will require resolution before the Bill is passed through Parliament.

The Fisher report proposed that the Society of Lloyd's should enjoy a similar immunity to that afforded to companies by section 448 of the Companies Act. If the Lloyd's Bill had done just that it would not have attracted such criticism. What the Bill inexplicably does is to grant immunity irrespective of whether Lloyd's through its officers acted honestly and reasonably and sought fairly to be excused." The new clause 11, substituted before the Parliamentary Committee, allowed liability for damages only where there was "bad faith," a state of mind very difficult of proof.

There are indeed strong grounds for allowing some degree of immunity to Lloyd's towards members and these are discussed in the Fisher report. It is, however, difficult to see why this immunity should extend beyond the degree allowed by section 448 of the Companies Act which was specifically embraced by the report. If such an extension is proved to be desirable because of the special position of Lloyd's *vis a vis* its regulatory role in the insurance market and its effectiveness to control its working members, then that immunity should not extend to liability towards external or non-working members who uniquely attract unlimited liability and have no control at all over the functioning of the market. Indeed they do not even have the voting rights enjoyed by shareholders of companies who have no liability beyond their shareholding.

The vast majority of Lloyd's voted for the Bill at the Albert Hall meeting and wish to see the Bill passed into law, but this does not exclude improvements being made during the Bill's passage. Surely the procedural requirements attached to a Private Bill should not act as a strait-jacket to strangle the Bill? Sir Graham Page, MP, in introducing the Bill before Parliament gave an undertaking that the immunity "clause 11 . . . will be removed from the text of the Bill." Surely external members of Lloyd's are entitled to know why Mr Meacher's committee did not insist that this undertaking be honoured!

Anthony C. R. Mitchley.
15, Bryanston Square, W1.

Exchange rates

From Mr M. Wyvekate

Sir,—Being an active reader of the Financial Times and other British newspapers and weeklies, I have had the pleasure of reading various articles and statements over the past couple of years explaining the difficulties in exporting when the value of the pound goes up and other articles with similar good excuses when the value of the pound goes down. This seems to me rather contradictory.

Most of the base materials imported for the manufacture of finished products are paid for in foreign exchange. The finished products exported earn foreign exchange. Over a period of time the overseas rate of exchange of the pound should have only minimal impact on the export of finished goods. If latter statement holds, it must be the added inland costs to convert base materials into finished products, which are in one way or the other prohibitive to competition in the export market. Maybe the burden of direct taxation and indirect taxation (in whatever form) on the productive sector in the economy is too high.

M. H. Wyvekate.
P.O. Box 90401,
Mombasa, Kenya,
East Africa.

Today's Events

GENERAL

UK: Mersey Docks shop stewards meet to consider threat to close Liverpool Docks.

Mr John Biffen, Trade Secretary, speaks at American Chamber of Commerce luncheon, Savoy Hotel, London.

Commission for Racial Equality annual report.

Overseas: Praesidium of the Socialist International begins two-day meeting in Bonn.

PARLIAMENTARY BUSINESS

House of Commons: Further progress on remaining stages of Finance Bill. Consideration of Lords amendments to Iron and Steel Bill and Criminal Attempts Bill.

House of Lords: Transport Bill, third reading. Employment and Training Bill, committee stage.

Select Committees: Defence. Subject: Royal Dockyards and the dockyard study. Witnesses: Ministry of Defence. Room 15, 10.30 am. Education Science and Arts. Subject. Public and private funding of the arts. Witnesses: Standing Commission on Museums and Galleries. Room 6, 10.30 am. Scottish Affairs. Subject: Youth unemployment. Witnesses: Scottish Economic Planning Department: Manpower Services Commission. Room 5, 10.30 am. Treasury and Civil Service sub-committee. Subject: Efficiency and effectiveness in the Civil Service. Witness: Sir Derek Rayner. Room 15, 4.15 pm. Energy. Subject: North Sea oil depletion. Witness: Lord Balogh. Room 5, 4.45 pm.

OFFICIAL STATISTICS

Average earnings May). Basic rates of wages (June).

COMPANY MEETINGS

Bisichi Tin, 99, Aldwych, WC, 12. Brown Shipley, Founders Court, Lothbury, EC, 12.30. Brownlee, City Saw Mills, Glasgow, 12. Continuous Stationery, Great Eastern Hotel, EC, 12. Deritend Stamping, St Richard's House, Victoria Square, Droitwich, 12.30. Philip Hill Investment Trust, 1, Brewer's Green, Buckingham Gate, SW, 2.45. Hunting Gibson, 243, Knightsbridge, SW, 12.30. London and Lennox Investment Trust, 2, St Mary Axe, EC, 11.30. Marks and Spencer, Royal Lancaster Hotel, W, 11. Northern Goldsmiths, Royal Station Hotel, Newcastle upon Tyne, 11.45. Streeters of Godalming, Milford House Hotel, Godalming, 12.

Magnet & Southerns falls £3.25m to £22.6m

TAXABLE PROFITS of Magnet and Southerns, manufacturer of prepared joinery, doors and ancillary products, fell back from a restated £25.86m to £22.61m in the 12 months to end-March, 1981, on turnover lower at £135.99m, compared with £139.62m. By midyear pre-tax profits had fallen to £11.9m (£12.81m).

Mr S. Oxford, the chairman, says in general the timber and joinery trades suffered badly as a result of the recession which got worse as the year progressed.

For the future he says the short-term prospect is one of reduced activity, especially in the building and construction industry. He warns that there is likely to be a reduction of some 10 per cent in the consumption of timber in the current year.

He says consumer spending is unlikely to show any upward trend, although stocks are expected to be much more in line with demand. If the present "relative weakness" of the pound continues, he says, the value of stocks will be better protected, thus reducing the possibility of write-down.

Mr Oxford adds that costs will increase with less opportunity of recovery by way of price increases.

The long-term prospects of the group's trade "are excellent." The repairs, maintenance and improvement "has great potential and in the years ahead will grow enormously," the chairman says.

Although it will be harder than in recent years the chairman is confident that the group will give a good account of itself.

The net total dividend is being effectively maintained at 5p after allowing for the one-for-two scrip by a final of 2p (equivalent same).

The pre-tax surplus for the year included investment income of £1.19m (£1.41m) and the profit on the realisation of Government securities amounting to £662,080 (£84,501).

Tax took £7.34m (£8.97m) leaving a net balance of £15.27m (£16.89m).

Stated earnings per 25p share declined from 15.9p to 14.3p.

At the attributable level the surplus emerged at £15.03m (£16.86m) after overseas deferred tax of £709 (£6,974) and extraordinary charges of £240,434 (£33,968), including revaluation deficits on certain properties of £248,997.

Retained profits came through at £9.67m (£11.51m).

Current cost accounting reduces the pre-tax figure to £17.38m and on the same basis earnings per share were 9.4p.

A revaluation of the group's UK freehold and leasehold properties produced a surplus of £12.61m which has been credited to capital reserves.

Taxable profits of Southerns-Evans, a subsidiary of Magnet and Southerns, fell back to £6.55m (£9.87m) for the year to end-March, 1981 and after tax the surplus was £4.24m (£6.13m). Stated earnings per share were 30.1p (43.58p). On a CCA basis the pre-tax figure is reduced to £5.25m. Comparisons have been restated.

In the case of four subsidiaries in the Southerns-Evans group property revaluations produced figures lower than book values and as there were insufficient capital reserves in these companies arising from previous valuations the resultant deficits were charged to their respective profit and loss accounts as an extraordinary item.

The accumulated figure has amounted to approximately £250,000 (shown in the extraordinary charges of Magnet and Southerns) and Southerns-Evans profit figure was reduced by this amount.

Lex, Back Page

Mr S. Oxford, chairman of Magnet & Southerns, warns of reduced activity in the short term but says long-term prospects "are excellent."

Lower turnover but Bath & Portland over £1m midway

ALTHOUGH turnover dropped from £45.04m to £40.85m, pre-tax profits of Bath and Portland Group rose from a restated £688,000 to £1.03m in the six months to April 30 1981. The interim dividend of this holding company with interests in quarrying, concrete products, building and civil engineering, is being doubled from 1p to 2p—last year's total was 2p.

Sir Kenneth Selby, the chairman, says the outlook for the second half is for a continued increase in profits at least at the same rate as those now reported for the first half, supported by some further recovery in engineering.

He says interest charges will show further reductions resulting from the repayment of all bank borrowings, and from the share issue recently announced which will enable the Barclays Merchant Bank £3m loan facility to be repaid within this week.

This will reduce group borrowings to a level of less than 10 per cent of shareholders' funds, compared with a level of borrowing of 90 per cent at October last year, and over 150 per cent in September, 1978.

The first-half pre-tax figure was struck after depreciation of £976,000 (£679,000) and interest charges of £326,000 (£2.12m). After tax up from £211,000 to £535,000, stated earnings per 25p share are 3.01p (2.9p).

Sir Kenneth says no Iranian trading is incorporated in the accounts, and although interest actually paid totalled £1.09m, the sum of £760,000 was fully provided in the 1980 accounts in arriving at the divisional profitability, resulting in the charge of £326,000 as mentioned.

He says the considerable increase in profits reflects the effective rationalisation over the past year throughout the group. This has been particularly effective within the building activities in the London area and in the Midlands, and quite severely applied in agriculture.

In addition, he says, engineering works has been reduced to a level little above a caretaking standard, pending the return of increased demands.

The contribution from minerals was reduced in line with the national cuts in all forms of construction, but profits must be recognised as satisfactory in the circumstances, he adds.

Overseas civil engineering is recovering fast from the difficulties that arose from the cessation of activity in Iran, and contract works, particularly in Sudan, Hong Kong and Lesotho, will provide satisfactory profits.

Building is now mainly in the West country and on selected large sites, and there is an encouraging recovery of profits. Work awarded to the group's construction activity in the first half totals over £30m—the result of successful marketing—with additional contracts of £15m currently under negotiation.

A breakdown by division of sales and profit (£000 omitted): minerals, 8,373 (9,209) and 578 (907); building and civil engineering, 20,496 (21,080) and 405 (loss 220); agriculture, 5,801 (8,088) and 253 (50); engineering, 5,658 (6,028) and 159 (451); chemicals, 522 (634) and loss 41 (loss 32).

HIGHLIGHTS

After briefly looking at the technical position in **BP** *shares following the rights Lex looks at the outlook for interest rates in the money markets after further falls in the pound. On the corporate front* **Magnet & Southerns** *is the latest of the timber merchants to report figures showing, in the context of the sector, a fairly modest decline in profits. Finally Lex briefly comments on the £25m bank credit arranged by* **Huddersfield and Bradford Building Society** *and what this means for the movement as a whole.*

● comment

Bath and Portland has emerged from the three-year ordeal on its large Iranian road contract in a sound but lacklustre state. Recoveries to date from ECGD plus drastic cutbacks in the construction and agricultural businesses—about a quarter of the group's labour force has been laid off — have brought borrowings down from £27m in December, 1978 to under £2m today. Shareholders' funds stand at £21m. The 50 per cent improvement in profit comes mainly from loss elimination in the construction and agricultural businesses. This process will continue in the second half, leading to full year profits of slightly more than £2m, but this is still a long way from the peak profits of £5.2m in 1977-78 and the directors see no sign as yet of a recovery in demand for most of its products and services. For the medium-term, the group is about to embark on some development projects that have had to be suppressed in the past two years while liquidity was concentrated on meeting Iran-related obligations. The shares advanced 7p yesterday to 60p following the reassuring statement and doubled dividend. Assuming a similar rise at the final, the prospective 9.8 per cent yield provides some support while the prospective fully taxed p/e of about 10 is not too demanding.

Jones Stroud falls sharply but foresees current year pick-up

LOWER turnover and a slump in taxable profits are reported by Jones, Stroud (Holdings) for the year to March 31, 1981 but some recovery is seen for 1981-82.

Sales for the 12 months under review fell from £30.95m to £28.16m and pre-tax profits for the period dropped sharply from £2.06m to £1.31m.

At midway, when a decline from £1.06m to £685,000 was announced, the directors said they did not anticipate any improvement in the second six months.

They now state that while trading conditions still continue to be "very difficult," it is expected that profits for the current year will be higher than those now reported.

For the year to March last trading profits of this manufacturer of fabrics, accessories and materials for the textile and electrical industries decreased from £2.35m to £1.66m. The interest charge was unchanged at £0.74m, while share of associates slipped from £446,000 to £395,000.

Earnings per 25p share fell to 8.52p (14.21p), after tax of £428,000 (£706,000), and as forecast the total dividend is held at 5.2p with a final payment of 3.2p net.

There was an extraordinary credit this time of £177,000 (£218,000 debit) and the balance attributable to ordinary holders turned in at £0.95m (£1.03m). On a CCA basis pre-tax profits are shown at £654,000.

● comment

Although the powerful board and family interests are taking cash rather than equity dividends this year, shares in Jones Stroud climbed 3p yesterday to regain the annual high of 80p where the market capitalisation is a little under £7m. The decision to maintain the dividend, against negligible current cost earnings, assumes a useful measure of recovery this year after the 36 per cent pre-tax profit shortfall. J. and J. Cash has been mostly responsible for the shortfall, losing £70,000 or so in the second half after the first half deficit of £315,000 and a £477,000 loss in the whole of the previous year. It has absorbed the majority of the redundancies and, with the fruits of heavy capital spending over recent years, is now said to be breaking even after servicing its £750,000 borrowings. All the same, it is as well that Cash Australia has been able to offset losses in its UK counterpart with a contribution worth about £440,000. Gearing had fallen from 51 per cent to 37½ per cent between the balance sheet dates although this has now been raised to 40 per cent to reflect the recent purchase of shares in Fothergill and Harvey. The holding is now worth about £4m against its cost of £2.15m. The notional profits here, coupled with the £1.5m to be pulled out of the Long Eaton and Northampton factory sales probably means as much to the share price, for the moment, as the historic yield of 8.7 per cent and probably more than short term earnings prospects.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A. B. Engineering	0.25†	—	—	0.5	0.13
Bath & Portland Gp. int.	2	Sept. 4	1	—	2
Equity Consort	9‖	Aug. 13	8.68	13.25	12.25
Equity Consort Defd.	14.5‖	—	12.5	14.5	12.5
Glass Glover int‡	0.8	Oct. 1	0.5	§	2.1
HAT Group	1.25	Oct. 2	1	2.5	2
Investors Capital Tr. int.	1.5	Sept. 4	1.5	—	3.05
Jones Stroud	3.2	Oct. 10	3.2	5.2	5.2
Leadu Rubber	1.35	Sept. 30	1.1	1.35	1.1
Magnet & Southerns	3	Oct. 1	3*	5	5*
McMullen & Sons 1st int.	0.91	July 31	—	—	—
Rembia Rubber Co.	0.75	Sept. 30	0.5	0.75	0.5
RFD Group	2	Sept. 21	2	2.8	2.8
Alex. Russell	1.6	Sept. 11	1.25	2.5	2
Utd. British Secs. 2nd int.	4	Aug. 25	4.3	7	7.55¶

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity. § Final forecast of at least 1.6p. ¶ Includes special payment of 1p. ‖ Gross throughout.

McMullen over £1m midway

Pre-tax profits of McMullen and Sons for the half-year to March 28 1981 advanced from £982,000 to £1.07m, and turnover increased from £7.23m to £7.92m.

There was an exceptional profit of £171,000 (£19,000) on the sale of investments.

The company, which has close status, is paying its first interim dividend of 0.9075p.

McMullen and Sons is a Hertford brewer, wine and spirit merchant and soft drinks manufacturer.

Utd. British Securities revenue fall

Revenue available of the United British Securities Trust fell from £3.38m to £2.96m for the year ended June 30 1981, after tax of £1.65m, against £1.84m, giving earnings of 6.61p per share, compared with 7.58p.

The dividend is 7p net, with a second interim payment of 4p as forecast—last year's total of 7.55p included a 1p special distribution.

Gross income amounted to £4.82m, a fall of £564,407 on last year.

Equity Consort earns and pays more

After tax of £202,037 against £173,649, revenue of the Equity Consort Investment Trust came out at £425,165 for the year ended April 30 1981, compared with £391,179.

The ordinary dividend is increased to 13.25p gross per £1 share, against 12.25p, with a final of 9p, and the payment on the 50p deferred shares is 14.5p gross (12.5p).

Earnings per ordinary and deferred share are shown as 13.35p (12.61p) and 14.71p (13.21p) respectively.

Anderson Strathclyde confident

Despite the depressed economic climate, there has been no downturn in demand for coal worldwide, and the directors are confident that overseas sales will continue to grow, Sir Monty Finniston, chairman of Anderson Strathclyde, tells members in his annual review.

During the year to end March increased investment took place not only in terms of buildings and plant, "but in the heaviest programme of product development which we have ever undertaken."

Sir Monty says that this programme, embracing shearers — used to cut coal and other minerals — a heavy duty face conveyor and other ranges of equipment, is being maintained in the current year "and will, we believe, make a vital contribution to our future success."

The longer term prospects continue to be bright and there was a substantial increase in the level of capital expenditure during the year. Larger factory premises were purchased at Wincobank, Sheffield, and in the U.S. a new and larger factory is under construction close to the group's existing premises near Pittsburch.

The chairman says the new building, which the company expects to move into in October, will enable the scope of its local manufacturing activities to be substantially widened.

As reported on June 23 pre-tax profits for 1980/81 increased from £5.87m to £6.33m and the dividend is unchanged at 4p net per share.

Shareholders' funds amounted to £40.1m (£31.41m), at the year end, and net current assets were £33.99m (£28.5m). CCA adjustments reduce the pre-tax figure to £2.02m.

By way of consideration for stockholders' approval of a modification to the trust deed in respect of the definition of loan capital, the directors of Anderson Strathclyde say the necessary resolution provides for the rate of interest on the 7¾ per cent unsecured loan stock to be increased to 8 per cent.

Buckley's Brewery raising £1.1m for further development

Buckley's Brewery is raising £1.1m by way of a rights issue of 2.66m new shares on the basis of one new share at 42p for every four held on July 9.

The company has continued to spend heavily on improvements and repairs to its licenced houses since the last rights issue in August, 1976. The £1.07m net proceeds of the new issue will enable the company to intensify its maintenance and development programme, which will allow it to consolidate its position in the current recession and take advantage of the upturn in business when it comes.

Among the houses which will benefit from the programme in the period to September, 1982 are the Thomas Arms in Llanelli, on which it is planned to spend £250,000, and the Builder's Arms in Swansea, for which £100,000 has been allocated.

The company's new public house at Gorslas, the Dodo, is projected to cost £165,000. This spending on properties will be additional to the company's budgeted £428,000 investment in new plant in the current year.

The company reported a profit before tax in the 52 weeks to March 28 of £1m (same) on turnover of £9.1m (£8m). Dividends totalled 2.35p per share.

The chairman, Lt-Col. W. K. Buckley, says that revenue in the first quarter was up 18 per cent, including a marked increase in duty levels. No profit forecast is offered but the directors undertake at least to maintain the dividend on the enlarged capital.

The new shares in the rights issue will rank for both the interim and final dividends in the current year.

Whitbread and Company has taken up its full entitlement to 472,656 new shares and the balance has been underwritten by Kleinwort, Benson. Brokers to the issue are Cazenove.

An extraordinary general meeting is to be held on July 30 to approve an increase in authorised capital. Dealings in the new shares in nil-paid form are expected to begin on July 31 and the final date for acceptances is August 20.

● comment

Buckley's Breweries points out that the investment of the proceeds from the 1976 rights issue in upgrading its pubs and buying new ones led to a significant increase in trade. Turnover has grown by 50 per cent since 1976-77 but profits before tax have expanded less rapidly—by 32 per cent over the same period. Last year, profits did not grow at all as the industrial recession hit the group's South Wales base particularly hard. Buckley's has done well to nearly maintain sales volume in these circumstances and its increased investment should enable it to continue to do so until profit growth prospects improve. The shares fell 3p yesterday to 49p where the historic fully taxed p/e is more than 11 and the yield less than 7 per cent.

Percy Lane rights to help fund U.S. acquisition

Percy Lane, the Birmingham window maker, has agreed to acquire Creation Windows Inc, of Elkhart, Indiana, U.S., a maker of aluminium framed windows and doors for leisure vehicles, for \$3.5m (£1.86m) in cash and notes.

To help finance the acquisition, Percy Lane is raising £467,000 by way of a rights issue on the basis of one new share at 35p for every four held on July 10.

Net assets of Creation at December 31 1980 were \$1.78m (£950,000) and profit before tax for the year was \$749,000 (£400,000).

The cash portion of the payment is \$1.75m (£930,000) and is to be satisfied by a medium-term bank loan of £750,000 and existing overdraft facilities. The net proceeds of the rights issue will be applied to reducing the overdraft.

Planet Windows Inc, the Percy Lane subsidiary that is making the acquisition, is issuing \$1.75m in 8 per cent promissory notes for the balance.

The directors of Percy Lane consider that Creation could provide an important outlet for their products.

The rights issue and acquisition are subject to the approval of shareholders at an extraordinary general meeting on July 30. Dealings are expected to begin on July 31 and the final date for acceptances is August 20.

The issue has been underwritten by Robert Fleming and brokers to the issue are Smith Keen Cutler.

The chairman of Percy Lane, Mr P. H. Quinn, said at the annual meeting on May 20 that the group would probably see a modest increase in profit in the first half compared with the £405,000 last time.

The shares to be issued in the rights will not rank for the current year's interim dividend.

Rights results

The 18 for 1 rights issue of 900,000 shares of Community Hospitals at £1.05 per share has been fully taken up. This has enabled the company to apply for all the 900,000 cumulative redeemable convertible preference shares offered by Hertfordshire Independent Hospital last month.

The issue of 300,000 ordinary shares of Hertfordshire, launched at the same time has also been oversubscribed.

The issues were arranged by M. J. H. Nightingale.

CMA offers UK investors a switch to dollar bonds

Charterhouse Magna Assurance is offering to UK investors the first ever guaranteed income bond denominated in U.S. dollars, instead of in sterling.

The format of the United States Dollar Income Bond takes the usual structure for such income bonds that do not use the life assurance premium relief structure.

The investment period is five years and the investor makes his payment to CMA in dollars—the company will accept any amount between \$2,000 and \$100,000.

Interest on the bond is paid annually in dollars at a guaranteed rate of 11 per cent on the original dollar outlay. At the end of the period or on previous death, the original outlay is returned.

The bond is subject to the usual UK tax provisions. Thus the income payments and the return of capital are free of basic rate tax, but subject to higher rate tax.

CMA has been active in selling guaranteed income bonds in the UK. The yield offered on this new bond is the same as on the present sterling contracts. But this could change if investment conditions justify a differential.

SPAIN

July 14	Price %	+ or −
Banco Bilbao	322	−3
Banco Central	360	
Banco Exterior	350	−5
Banco Hispano	238	−3
Banco Ind Cat	121	
Banco Santander	357	−14
Banco Urquijo	225	−1
Banco Vizcaya	349	−3
Banco Zaragoza	235	−3
Dragados	205	−5
Espanola Zinc	55	
Fecsa	65.5	−2.2
Gal Preciados	50	−2.5
Hidrola	72.5	−2.7
Iberduero	60.5	+0.5
Petroleos	115.2	−4.8
Petroliber	94	−2
Sogefisa	59	
Telefonica	78	−0.7
Union Elect.	88.5	−2

1980-81 High	1980-81 Low	Company	Last price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
108	100	ABI Hldgs. 10pc CULS	108	+8	10.0	9.3	—	—
76	39	Airsprung	66	—	4.7	7.1	10.6	14.5
52	21	Armitage and Rhodes	47	—	1.4	3.0	19.3	44.8
200	92½	Bardon Hill	198	+1	9.7	4.9	9.6	11.7
104	88	Deborah Services	100	—	5.5	5.5	5.0	9.4
126	83	Frank Horsell	98xd	—	6.4	6.5	8.8	21.3
110	39	Frederick Parker	66xd	—	1.7	2.6	28.3	—
110	64	George Blair	64	—	3.1	4.8	—	—
113	59	Jackson Group	112	−1	7.0	6.3	3.5	7.8
130	103	James Burrough	129	—	8.7	6.7	9.4	11.8
334	244	Robert Jenkins	314	—	31.3	10.0	—	—
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	164	Torday	194	—	15.1	7.8	7.5	12.8
23	8	Twinlock Ord.	15	+½	—	—	—	—
90	68	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
56	35	Unilock Holdings	40	—	3.0	7.5	6.2	9.8
103	81	Walter Alexander	100	—	5.7	5.7	5.5	8.8
263	181	W. S. Yeates	248	—	13.1	5.3	4.7	9.5

THE TRING HALL U.S.M. INDEX

123.0 (−0.2)

at close of business 14/7/81

BASE DATE 10.11.80 100

Tel: 01-248 3675

CORAL INDEX

Close 528-533 (−3)

OIL INDEX

October Refined \$42.05

January Refined \$45.40

RFD swings back into the black with £813,000

AFTER REPORTING a loss of £434,000 in the previous year, R.F.D Group has swung back into the black with pre-tax profits of £813,000 in the year to March 31 1981. Turnover of this manufacturer of inflatable products, defence equipment, coatings and specialist weaving, rose from £26.37m to £27.27m. The company reported halfway profits of £373,000 compared with £813,000.

The cost of rationalisation and reorganisation which caused the loss in the previous year has not recurred in the year under review.

There was an increase in turnover in the safety and survival section, and coatings and cable components also improved, but these increases were offset by modest falls in defence equipment and textiles.

Trading profits totalled £1.52m (£1.27m) and only textiles showed a loss—£154,000 against profits of £551,000. Coatings and cables reported improved trading profits of £925,000 (£111,000). Defence equipment fell slightly from £171,000 to £98,000, but safety and survival advanced from £441,000 to 651,000.

The pre-tax profit was struck after interest charges of £707,000 (£507,000). There was a tax credit of £15,000 against a charge of £153,000. After minorities of £34,000 (£26,000) and exchange losses amounting to £56,000 (£78,000), attributable profits were £738,000 (loss £956,000). Stated earnings per 10p share were 5.8p (loss 4.53p).

The final dividend is maintained at 2p for a same-again net total of 2.8p.

Mr D. R. B. Mynors, the chairman, says the overall level of borrowings in the group has been held, with the cash outflow arising from the reorganisation being offset by reductions in inventory levels.

On a CCA basis, there was a pre-tax profit of £274,000 against losses of £1.23m.

● comment

RFD has hauled its pre-tax level back into profits after the previous loss due largely to a £1.2m extraordinary debit for reorganisation. However, trading profits after interest have advanced by a meagre 6 per cent. It's only star—the coatings and cable components division—kicked in an eightfold increase in profits to £925,000, thanks to strength in the Australian and South African mining industries. But even the company admits this performance is exceptional and the profit level is not likely to be repeated this year. The defence division shows a 43 per cent fall in profits while textiles has dropped into a loss. At the attributable level, the group has benefited from an elimination of UK tax charges, allowing it to just cover its maintained dividend by a factor of two. The company says that trading this year has started slowly. Assuming the UK taxman takes a bite next time, the company is likely to remain conservative on pay-outs. But with a yield of 9.5 per cent on shares at 44½p, shareholders can afford to be patient.

NCR held at £3.15m by poor East Africa results

PRE-TAX profits of NCR Ltd for the six months to May 31 1981 are identical—£3.15m—to those reported in the corresponding period last year. There was a slight upward movement in turnover however, increasing from £45.19m to £45.68m.

This manufacturer of business systems is a wholly-owned subsidiary of NCR Corporation of Dayton, Ohio.

The board says trading results within the UK have improved, but the group results have been adversely affected by a poor performance in branches and subsidiary companies in East Africa.

It adds that, despite the recession, the incoming order rate for the six months to the end of May 1981 is ahead of last year.

Tax was slightly lower at £1.44m (£1.67m), and attributable profits were up from £1.48m to £1.7m after minorities of £5,000 (£4,000).

Stated earnings per £1 share have increased by 3p to 20p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	11	21	6	37	50	56	$402.50
GOLD C	$425	5	8	—	—	2	41A	"
GOLD C	$450	30	3	—	—	5	31	"
GOLD C	$475	130	1.50	3	11	—	—	"
GOLD C	$500	—	—	13	7	3	16	"
GOLD C	$525	—	—	5	3	—	—	"
GOLD C	$550	—	—	2	3	—	—	"
GOLD P	$400	29	15	97	20	—	—	"
GOLD P	$425	32	25	1	29	—	—	"
GOLD P	$450	1	46	25	47	—	—	"
GOLD P	$475	—	—	—	—	1	71	"
		July		Oct.		Jan.		
ABN C	F.300	14	2.50	—	—	—	—	F.302
ABN C	F.320	—	—	25	4	—	—	"
AKZO C	F.17.50	27	7.50	—	—	—	—	F.24.80
AKZO C	F.22.50	37	2.30	—	—	—	—	"
AKZO C	F.25	150	0.30	25	1.90	20	2.70	"
AKZO C	F.27.50	—	—	—	—	15	1.50	"
AKZO P	F.22.50	40	0.10	—	—	—	—	"
AKZO P	F.25	40	0.30	15	1.30	15	1.40	"
AMRO C	F.50	—	—	11	5.50	—	—	F.52.60
AMRO C	F.60	—	—	15	0.60	—	—	"
HOOG C	F.20	—	—	41	1.50	15	2.60	F.18
KLM C	F.100	175	3.50	34	12.50	—	—	F.97.50
KLM C	F.110	164	0.60	29	9.50A	15	15	"
KLM C	F.120	112	0.20	29	9.30	—	—	"
KLM C	F.130	—	—	50	5	12	8	"
KLM C	F.140	—	—	32	2.60	15	5.50A	"
KLM C	F.150	—	—	101	1.60	—	—	"
KLM P	F.170	—	—	72	1.40	—	—	"
KLM P	F.80	63	0.10	23	2.50	—	—	"
KLM P	F.90	240	0.80B	139	5.20	—	—	"
KLM P	F.100	617	4.80	114	8	—	—	"
KLM P	F.110	111	12.50B	141	15.50	—	—	"
KLM P	F.120	30	22.50B	17	23B	—	—	"
KLM P	F.130	—	—	14	32.50	—	—	"
NATN C	F.115	—	—	12	5	—	—	F.115
NATN C	F.120	—	—	13	3	—	—	"
PHIL C	F.17.50	33	4.30B	—	—	—	—	F.21.80
PHIL C	F.20	47	1.80	102	3.40	—	—	"
PHIL C	F.22.50	301	0.10	470	1.70	107	2.50	"
PHIL C	F.25	—	—	161	0.90	239	1.70	"
PHIL C	F.27.50	—	—	—	—	128	0.80	"
PHIL P	F.20	—	—	180	0.50	35	0.60	"
PHIL P	F.22.50	84	0.70	91	1.30	25	1.70	"
PHIL P	F.25	—	—	55	3.40	65	3.50	"
PHIL P	F.27.50	—	—	—	—	24	5.70	"
RD C	F.80	—	—	20	12B	—	—	F.88.70
RD C	F.90	315	0.60	158	4.20	23	6.20	"
RD C	F.95	101	0.10	—	—	—	—	"
RD C	F.100	—	—	176	1.70	—	—	"
RD C	F.110	—	—	12	0.60	—	—	"
RD P	F.80	—	—	14	2.10	—	—	"
RD P	F.90	53	2	34	6.50	—	—	"
RD P	F.95	15	6.50	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 6585

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

July 14 Total Contracts 1129 Calls 919 Puts 210

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	30	10	36	62	46	—	298p
BP (c)	300	5	13	24	57	34	10	"
BP (c)	320	¼	—	12	8	24	8	"
BP (c)	350	¼	—	6	—	15	6	"
BP (c)	380	¼	—	4	1	9	2	"
BP (c)	410	¼	—	2	9	5	—	"
BP (p)	300	8	58	18	31	22	2	"
BP (p)	330	24	—	27	1	32	10	"
BP (p)	350	54	7	56	—	58	—	"
BP (p)	410	114	—	114	—	116	10	"
CU (c)	160	16	11	29	7	34	2	174p
CU (c)	180	3	10	17	28	21	6	"
Cons. Gld (c)	460	4	—	30	11	40	—	446p
Cons. Gld (c)	500	1	—	16	2	32	3	"
Cons. Gld (c)	550	1	—	5	—	13	2	"
Court'lds (c)	60	5	—	10	10	15½	—	65p
Court'lds (c)	70	¾	—	5	18	9½	—	"
GEC (c)	500	242	10	—	—	—	—	740p
GEC (c)	550	92	10	110	—	135	1	"
GEC (c)	700	42	16	67	3	93	—	"
GEC (c)	750	6	—	57	—	62	4	"
Gr'd Met. (c)	160	51	5	53	—	—	—	210p
Gr'd Met. (c)	180	31	2	35	2	44	—	"
Gr'd Met. (c)	200	11	14	22	22	29	7	"
Gr'd Met. (c)	220	1	—	9½	—	16	1	"
ICI (c)	240	33	—	40	15	—	—	270p
ICI (c)	280	1½	21	19	37	26	—	"
ICI (c)	300	1	—	10	—	18	1	"
Land Sec. (c)	312	29	18	44	3	52	11	338p
Land Sec. (c)	336	6	14	25	42	34	2	"
Land Sec. (c)	368	½	—	10	3	—	—	"
Mks & Sp (c)	110	18	10	23	—	—	—	127p
Mks & Sp (c)	120	8	2	15	—	22	—	"
Mks & Sp (c)	130	2	—	8	16	14½	—	"
Shell (c)	330	40	1	52	—	62	8	368p
Shell (c)	360	11	39	29	152	42	10	"
Shell (c)	390	1½	5	18	5	28	3	"
Shell (p)	360	5	2	18	56	20	—	"
		August		November		February		
Barclays (c)	420	25	12	38	—	53	—	435p
Imperial (c)	80	½	—	1	—	2	100	63p
Lasmo (c)	550	13	1	40	1	64	—	519p
Lasmo (c)	600	6	—	24	3	42	—	"
Lonrho (c)	90	4	7	8	—	11	—	90p
Lonrho (c)	100	1½	—	4	—	6	8	"
Lonrho (p)	90	4	—	6½	25	8	—	"
P & O (c)	120	4½	—	9½	3	13½	—	118p
Racal (c)	390	29	3	50	—	65	—	416p
Racal (p)	360	2	2	5	—	10	—	"
Racal (p)	390	6	5	10	—	14	—	"
Racal (p)	420	14	3	21	—	24	—	"
RTZ (c)	550	17	4	43	6	67	—	528p

C=Call P=Put

ABE rises to £0.47m at year end

AS PREDICTED by the directors at midyear second half profits of Associated British Engineering continued the upward trend of the first six months and for the year as a whole to end March, 1981 the group's taxable surplus emerged sharply higher at £468,000, compared with £149,000. Midyear pre-tax profits were £194,000 ahead at £225,000.

A final dividend of 0.25p as foreshadowed makes a total for the year of 0.5p net—the previous year a single payment of 0.125p was paid.

Turnover of this London-based diesel engines and allied industries group improved from £2.7m to £3.11m.

The taxable profit was after interest charges, lower at £34,000 (£91,000) and an exceptional debit of £55,000 (nil), being compensation to a former director.

Tax took £16,000 (£86,000) after which stated earnings per 12½p share rose from 0.3p to 3.8p.

At the attributable level profits came through at £452,000 (£21,000) after an extraordinary debit of £42,000 last time.

YEARLINGS

The interest rate for this week's issue of local authority bonds is 13¾ per cent, unchanged from last week. The bonds are issued at par and are redeemable on July 21 1982.

A full list of issues will be published in tomorrow's edition.

RIGHTS RESULT

Acceptances have been received in respect of 83.8 per cent of the 1.25m shares of Old Swan Hotel (Harrogate) offered in a one-for-two rights issue at 50p per share.

HAT Group moves ahead to £4.8m

ON TURNOVER up £12.42m to £93.6m, HAT Group, which supplies specialist services and materials, increased its pre-tax profits from £4m to £4.81m for the year ended February 28 1981.

The directors state that the economic outlook has not yet improved, and it is therefore difficult to predict the current year's outcome. They add, however, that the services the group offers should enable it to hold its present position and make further progress.

After six months the taxable surplus had risen from £1.7m to £2.14m, a rise of 26 per cent, and the directors said that the full-year's figure should exceed that of 1979/80.

Yearly earnings are stated at 8.8p (6.4p) per 10p share and the dividend is stepped up to 2.5p (2p) net with a final payment of 1.25p.

Pre-tax profit was struck after interest charges of £16,000 (£17,000) and subject to tax, lower at £545,000, compared with £913,000.

There was a minorities credit of £30,000 (£68,000 debit) and the amount retained was £3.07m (£2.06m).

● comment

HAT's strength is its emphasis on repair and maintenance work. Shrugging off the building industry's depression HAT has closed its books on 20 per cent profits growth and analysts are pencilling in a similar increase for the current year. Having grown out of the Telling family's original plastering business the group is now well spread in terms of services—cleaning, painting, glazing, plumbing, etc. Trading has its swings and roundabouts, the local authority spending cutbacks, for example, understandably took some shine off new building operations (such as plastering) but the directive to reduce direct labour rubbed off in more contracts for the cleaning division. The only perennial black spot has been plumbing but with a fifth of the workforce shed last year even that seems to be operating in the black now. In a drive to continue adding to the services list the £3m acquisition of Leada since the year-end has brought in non-mechanical plant hire and HAT is dipping its toe into property development with a relatively small (so far) joint venture. And HAT is still casting around for further possible buys. The spread of activities isolates it from the sector generally and should enable it to show continuing profits growth. Yet the shares are already fairly well up with the picture at 68p where the fully taxed historic p/e of 14 falls to under 12 prospective.

A. Russell advances to £1.2m

FOLLOWING an increase from £591,100 to £704,000 at halfway, taxable profits of Alexander Russell, fuel, building supplies, quarrying concern, ended the March 31 1981 year ahead at £1.2m, compared with £977,000.

Turnover for the full period rose by £1m to £18.12m and after tax of £274,000, against £242,000, earnings per 10p share are given as 16.8p (13.1p).

The final dividend is 1.6p (1.25p) net lifting the total from 2p to 2.5p. Also proposed is a one-for-one scrip issue.

GEERS GROSS

Acceptances have been received in respect of 97.8 per cent of the recent one for six rights issue at 90p by Geers Gross.

Glass Glover profits improve 16.9% midway

AS ANTICIPATED in January, the improvement in trading conditions in the latter part of the six months has enabled Glass Glover Group to increase taxable profits from £211,279 to £247,075, for the period ended March 31 1981, a 16.9 per cent rise.

Current trading is satisfactory and the directors are confident that the second half surplus will exceed the £447,574 for 1980.

Turnover for the first half of this food importer and distributor was also higher, at £16.02m (£14.34m), an advance of 11.7 per cent.

In their annual statement the directors said that duller trading conditions had continued into the current year, but that recent trading was in line with expectations and interim profits were expected to be higher.

Earnings per 5p share, at halfway, were £2.062p (1.756p) and in order to reduce disparity the interim dividend is 0.5p (0.05p) net. The directors intend to recommend a final payment of not less than last year's 1.6p.

Pre-tax figure included interest on deposits, less overdraft and loan interest, amounting to £32,930 (£20,867) and was subject to a tax charge up from £112,500 to £131,100.

The interim dividend will absorb £45,000 (£28,125) which will leave a balance of £70,975 retained, compared with £70,654.

NEW TOKYO INV. TRUST

Net loss of New Tokyo Investment Trust was £8,248 for the period from October 20 1980 to the end of June 1981.

Net assets, including investments at market value, amounted to £13.09m, or 130.9p per 50p share. There is no interim dividend.

Caird Dundee loss reduced to £22,551

After a lower second half loss of £58,551 against £90,698, Caird (Dundee), space dyer and carpet printer ended the March 31 1981 year with a taxable deficit well down from £182,698 to £22,551.

Turnover improved to £4.56m for the full period, compared with £4.09m.

At halfway the company had recovered from a loss of £92,000 to a surplus of £36,000 but the directors felt it would be rash to make any predictions for the 12 months.

They now explain that conditions deteriorated in the second six months, mainly because of the effect of volume imports from EEC countries at highly competitive prices.

Tax credit for the period was much lower at £15,062 (£119,481) and loss per share is given as 0.3p against 2.4p.

On a CCA basis pre-tax loss is increased to £247,307.

Demand picks up at Culter Guard

The mill at Guardbridge is very busy, and there are encouraging signs that the level of demand for converted products is picking up, Mr Roger Fleming, chairman of Culter Guard Bridge Holdings, tells members in his annual review.

He states, however, that with the two recent fuel oil price increases, "it is clear that selling prices will have to be increased to cover these and other costs in order to restore adequate margins."

Over £0.5m is being spent on the Guardbridge mill, to expand its production capability, and considerable efforts are in hand to further enrich the product mix.

As reported on June 5, for the year ended March 31, this paper manufacturer and converter suffered a taxable loss of £1.36m, against a profit of £337,000, and the dividend was omitted (0.5p).

At the year end, shareholders' funds amounted to £5.22m (£7.8m), fixed assets were £5.46m (£7.7m), and net current assets came out at £1.69m against £4.53m. Net liquid funds showed a £735,000 (£156,000) decrease.

CRESCENT JAPAN

Pre-tax profit of Crescent Japan Investment Trust rose from £46,866 to £90,240 in the first half of 1981. Tax took £46,925 compared with £24,370 and earnings per 50p share improved from 0.33p to 0.64p.

Capital appreciation remains the primary objective of the company and the net asset value per share is shown to have risen from 181p to 357.6p.

Bridport sees quick return to profit

BY REG VAUGHAN

Bridport-Gundry (Holdings), the Dorset manufacturer of ropes, netting, surgical sutures and industrial sewing threads, has completed its reorganisation and is forecasting a return to profits for the current year. The group expects to resume dividends on the ordinary shares with a final for 1980-81.

The news lifted the shares by 2½p to 22p on the London Stock Exchange yesterday.

The group, which underwent big management changes earlier this year with the departure of Mr Michael Smith the managing director, showed a turnround from a profit of £309,000 to a loss of £336,000 in the first half of the year to July 31, 1981 and there was no interim dividend. In the previous year profits fell from £763,000 to £559,000, while a maintained total dividend of 2.41p was paid.

The directors say they are satisfied with the vigorous reorganisation which has recently taken place under Mr Pat Darley, the new deputy chairman and chief executive who took over in April.

This action coupled with other long-term investment and marketing decisions "should ensure a return to profitability of each manufacturing operation" in 1981-82 and subject to external circumstances "to an acceptable result" for that year.

In the light of this confidence and the group's strong financial position the directors plan to declare an ordinary dividend in November 1981. This decision has been taken despite the result for the 1980-81 year, which has seen "exceptional difficulties, which have needed and received exceptional remedies."

The major part of the group's reorganisation concerned the netting factory at Bridport where the workforce has been reduced from 394 to 278 since the beginning of the year. The directors state that the net-making plant is fully employed on a single shift to meet the underlying demand in the present recession.

The group plans to close the North Mills factory at Bridport. Loss-making operations here have been shut and the rest will be housed at the group's main Court works.

The directors say that the savings in overheads in these and other changes at Bridport are expected to be substantial, with no reduction in efficiency. No further redundancies are expected to be made by the group in Bridport or elsewhere.

They point out that the cost of the reorganisation has largely been offset by extraordinary profits made during the year.

In other areas of the group the international and aviation activities have been merged "to reduce overheads and to build on a growing demand for camouflage and aviation products."

The marine division is trading profitably and is seeking to extend its activities for trawl manufacture and distribution on the lines of operations in Scotland and Ireland.

The directors say that despite the half-year loss and capital expenditure during the year of £681,000, group borrowings are substantially below the figure last reported of £2.5m at July 31, 1980 and now total less than 30 per cent of shareholders' funds.

BOC Datasolve engineering division sold

BOC Datasolve of the UK, one of the largest computer bureaux in Europe, has sold its engineering service division to MCAUTO (UK) a subsidiary of MCAUTO, the computer services division of McDonnell Douglas Coroporation.

Under the new agreement, BOC Datasolve will provide bureau services to MCAUTO (UK).

The move is part of a developing relationship between the two companies — Datasolve's engineering services business was started in 1977 with the aid of MCAUTO software.

MCAUTO and Datasolve believe the strengthening of engineering services activities in the UK together with the increased momentum which MCAUTO intends to generate through its specialist skills and experience, will provide greater benefits for existing users of the MCAUTO-based services and a wider, more rapid penetration of the engineering services market place.

MCAUTO is one of the largest computer service companies in the world, ranking seventh in the U.S. among some 3,700 companies in this category. A new computer centre opened at its headquarters in St. Louis earlier this year. It houses computers valued at $133m.

BOC Datasolve was formed in 1964 and specialises in high quality, value added services. Turnover last year was £14.5m.

Benn Brothers in £300,000 deal for BCTP

Benn Brothers has acquired **British Continental Trade Press** from Haymarket Publishing for £300,000 cash.

BCTP owns the goodwill and copyright in the trade publications, Carpet Review Weekly, Carpet Review Export and Carpet Annual.

Carpet Review is Britain's major journal for the carpet trade. Its acquisition is aimed at complementing Benn's already extensive involvement in publishing for the furnishing industry and retail trade.

BCTP has no tangible assets. The acquisition will yield a useful contribution to profit, but that figure will not be material in relation to the profits of the Benn Group for the year to June 30, 1982.

Sidney Banks buys grain and seed merchant

Sidney C. Banks has acquired **G. E. Howsam**, grain and seed merchant, of Wainfleet, Lincolnshire, for a consideration of £205,000 to be defrayed by a cash payment of £120,000 and the issue of 68,548 ordinary shares.

The new shares will not rank for the final dividend for the year ended April 30 1981. The cash element of the consideration will be financed out of the company's existing resources.

The net assets of G. F. Howsam, according to the audited accounts at the end of June 1980 amounted to £185,000 and the profit before tax for the year then ended amounted to £19,855.

The board of Banks' believe that this level of profitability can be improved within its group.

SCOTTISH/STEWART

The legal procedures to transform **Scottish European Investment** into **Stewart Enterprise Investment**, have now been completed. Details of the transformation, the issue of new shares and warrants are being sent to shareholders.

Stewart, formerly an investment trust, specialising in European stocks, will now concentrate on unquoted and smaller international companies.

Of the existing capital, £5m has been unitised and distributed to shareholders, while £2.1m will be retained in Stewart.

BIDS AND DEALS

Mr Dipre's Starwest buys 14.5% of Braby Leslie

Starwest Investment Holdings, the private investment company which is controlled by Mr Remo Dipre, yesterday purchased 14.48 per cent of **Braby Leslie**, the mechanical and civil engineering group.

Stawest, which gained control of Hawthorn Leslie, the electrical and mechanical engineering group, last February after a bitterly opposed bid, bought an 11.5 per cent holding in Braby from Industrial and Commercial Finance Corporation yesterday morning at 55p a share, valuing the company at £5.6m.

ICFC said it had been approached by brokers Capel-Cure Myers for the 11.5 per cent holding, which leaves it with 5 per cent, and Capel-Cure would not disclose yesterday where the additional holding had been bought.

The shares closed last night at 48p, after rising 4p at the start of yesterday's trading when the sale of the ICFC stake was revealed.

Capel-Cure would not comment on Starwest's intentions with regard to its stake, and Mr Dipre was not available for comment. Mr Michael Ridout, Braby's managing director, confirmed that he had received formal notification of the share sale, but said that he had nothing further to add.

In the year ended March 31 1981, the company earned pre-tax profits of £262,000 (£914,000) on sales of £31m (£31.7m). The company paid dividends amounting to 2.5p (5.1p).

Mr John Chandler, the chairman, pointed out in his annual report that significant restructuring had already taken place at the company to reduce costs, but added that profits for the first half were unlikely to be satisfactory.

Starwest has been involved in two other share bids in the past few years, apart from the battle with Hawthorn. In 1978, it bid for Trident Group Printers, but lost to British Electric Traction, and then in September 1980, it bought 29 per cent of housebuilders Gough Cooper in a surprise "dawn raid" on the stock market.

This offer failed when Gough Cooper signed terms with Allied London Properties.

Starwest's original 130p a share offer for Hawthorn was rejected by the directors, but a later offer of 147p a share, together with some firm assurances about the group's future, won approval. The offer valued Hawthorn at £3.95m.

Court clears NCB pension fund U.S. deal

Second Bouverie Properties, a U.S. subsidiary of the National Coal Board's pension funds said its tender offer for Connecticut General Mortgage and Realty Investments was proceeding following a ruling by the Massachusetts Federal district court denying a motion brought by the trust which had sought to halt the offer.

Bouverie said as a result its offer, which is scheduled to expire July 16, is continuing. It is offering $33 for all Connecticut General common shares, $1,015.38 for each $1,000 of six per cent convertible debentures and $1,500 for each $1,000 of 6¾ per cent convertible debentures.

Second Bouverie is controlled by the committees of management of the National Coal Board staff superannuation scheme and the Mineworkers' pension scheme.

SHARE STAKES

Bardsey—Mr A. H. Westropp, managing director, purchased on July 8 10,000 shares at 24p. Mr M. O. W. Pearson, director, purchased on July 13 200,000 shares at 23p. This purchase brings his total holding to 1.8m shares (6.09 per cent).

Milford Docks Company—N. A. Investments — formerly North Ambersham Investments — has acquired 2,500 shares making holding 176,100 (22.58 per cent).

Scotcros—Melville Street Investments (Edinburgh) has reduced its ordinary holding from 387,110 to 225,000 shares following the sale of 162,110 shares on July 7.

Cluff Oil—Charente Steam-Ship Company on June 29 purchased 25,000 Ordinary shares increasing interest to 1.01m Ordinary (9.69 per cent) and 70,796 convertible "A" shares (10.78 per cent).

Trafford Park Estates—Britannic Assurance purchased a further 15,000 Ordinary shares, bringing interest to 757,000 Ordinary (7.09 per cent).

Sumrie Clothes—Mr Harvey M. Ross has reduced his holding by 26,500 shares to a total of 397,500 shares.

T. Cowie—T. Cowie, director, has disposed of 50,000 shares.

N. Brown Investments—Mr Nigel Alliance, director, recently sold 30,000 Ordinary shares

Barker and Dobson Group—Electra Investment Trust on July 7 was interested in 10.27m ordinary shares (9.55 per cent).

Leopold Joseph Holdings—Bricomin Investments has purchased 140,000 ordinary shares. FFI (UK Finance) has sold 140,000 ordinary shares.

Senior Engineering Group—Following the recent placing of 10.5m shares the holdings of ITC Pension Trust and ITC Pension Investments Holding have been reduced from 6.1 per cent to 5.3 per cent respectively. Britannic Assurance's holding has fallen from 5.8 per cent to 5.1 per cent and the holding of the Prudential Group has been reduced to below 5 per cent.

Steel Brothers Holdings — Tamween Holdings SA interest in ordinary shares has been increased from 1.05m to 1.17m (10.5 per cent of the voting equity).

Black and Edgington—British Car Auctions has increased holding to 1.9m ordinary units (10.09 per cent).

IN BRIEF

Business done—Wheat Sept 102.20-101.30, Nov 106.10-105.15, Jan 110.10-109.25, March 113.70-113.10, May 116.85-116.60. Sales: 200 lots of 100 tonnes. Barley. Sept 98.15-97.30, Nov 102.20-101.35, Jan 106.15-105.40, March 109.60-108.70, May 112.80-112.00. Sales: 728 lots of 100 tonnes.

REMBIA RUBBER COMPANY—Turnover £182,789 (£193,850). Profit £60,270 (£46,304). Deduct exchange loss £13,911 (£5,823), add surplus on disposal of land £516,402 (nil). To replanting provision £7,077 (£9,680), add associated companies £26,735 (£22,539). Pre-tax profit £602,433 (£55,300). Tax—company £103,000 (£17,500 and associated company £9,099 (£10,604). Earnings per share 1.28p (0.71p).

LEDNDU RUBBER ESTATES—Pre-tax profit for 1980 £78,158 (£65,890), after exchange losses £4,271 (£4,489) and replanting provision £9,836 (£10,512). Turnover £273,793 (£251,997). Tax £26,600 (£31,000). Stated earnings per 5p share 2.29p (1.55p). Dividend 1.35p (1.1p).

ARTHUR HOLDEN AND SONS (laquers, varnishes, adhesives, coatings)—Results for the year to March 31, 1981, and prospects reported June 30. Shareholders' funds £8.47m (£8.17m). Fixed assets £5.28m (£4.42m): net current assets £3.54m (£4m). Decrease in working capital £870,000 (£663,000 increase). Historical pre-tax profit £1.43m (£2.14m) reduced to £906,000 on CCA basis. Meeting, Birmingham, August 5, noon.

Collins again urges rejection of bid

AS THE closing date draws near of **News International's** bitterly-contested bid for **William Collins**, the Glasgow publisher, Mr Ian Chapman, Collins' chairman, has again urged shareholders to reject the revised £25m offer.

In a telegram sent to all shareholders yesterday Mr Chapman asks for continued support in the group's fight for independence. He again strongly recommends rejection of the bid which is "totally inadequate."

Mr Chapman said yesterday that the board was "in very good heart" about the outcome of the bid despite being "dealt an appalling hand to start with."

He said he hoped that the acceptance level would be as low as it was on the first bid — then the board would "wait with bated breath" to see if News extended the bid or increased the terms further.

News, which is offering 25p for the ordinary voting shares and 163p for the "A" non voting shares, holds around 42.5 per cent of the Collins voting capital. This mainly represents an initial purchase on May 13 of around 30 per cent of the company's shares from Mr Jan Collins, the former chairman, and certain other Collins' family shareholders, and more recently a 9.4 per cent stake from Pergamon Press.

The ordinary shares — consistently above the bid level since the offer was first made — closed unchanged at 230p on the London Stock Exchange yesterday. The offer closes for the first time on Friday.

TRICENTROL DEMERGER APPROVED

Shareholders of **Tricentrol** have approved the demerger of Combined Technologies Corporation, the group's new subsidiary, which acquired all the non-oil and gas activities.

Following the demerger and in accordance with proposals set out in the chairman's letter of June 26, Mr D. J. Hubert and Mr P. B. Moody both resigned yesterday from the Tricentrol board.

As stated on that date the directors expect the group's dividend policy, following demerger, will have regard to the Tricentrol's status as a natural resource concern. They added that continued high investment in oil and gas exploration might constrain the growth of dividends.

REPORTS TO MEETINGS

Eucalyptus ahead of target and confident on second six months

FIRST HALF results of **Eucalyptus Pulp Mills** were slightly ahead of budget and the second half was faced with confidence, Sir John Colville, chairman, told the AGM.

He believed that prices would be increased in the final quarter, and said the company had been successful in maintaining its position in existing markets and developing new ones.

Sir John drew attention to the fact that the company was continuing to be faced with a heavy investment programme and that for many years large sums of money would have to be ploughed back into the business as it was absolutely vital to remain competitive by modernising and keeping abreast of current developments in the pulp making field. This policy applied to both mills, particularly the older installations at Albergaria.

In response to a question on the rise in the share prices of the company in recent weeks, Sir John said that there was not going to be any dramatic rise in dividends over the next few years for the company is very heavily committed to capital expenditure and it would be a pity if it became a gambling stock. However, there was a very narrow market and this was one of the reasons for the price rise.

At other AGMs, chairmen reported as follows:

Mr Marcus Margulies of **Time Products** said it had been hoped to mark the company's 50th anniversary with further record results. However, economic factors had slowed the group up.

The company was in "excellent shape" in spite of difficult trading conditions and the directors look forward to being able to resume the pattern of growth in the not too distant future.

They were "cheerful" about the medium- and long-term outlook and Mr Margulies had no doubt that the second half of the company's first century would show continuing progress.

Mr R. M. Woodhouse of **International Paint** reported that in the current year the directors had the results of the first five months' trading by the overseas companies—a longer period in the case of Taubmans Industries in Australia—and the first three months' trading in the UK.

Overseas results showed a good improvement on last year at this stage and, in particular, the Australian, U.S. and Brazilian companies continued to do well and the Singapore company had shown a substantial growth in earnings.

In Continental Europe and Scandinavia, where trading conditions were difficult, total results showed growth over last year at this stage. In the UK trading results up until June were below those for the first quarter of last year which was before the major effects of the UK recession hit the company.

While the board would be "very disappointed" if the company did not show a further growth in earnings for the full year, there were substantial economic hazards in many of the countries in which the company traded, very few countries were escaping the effects of recession and the vagaries of exchange rates could substantially affect results.

Performance of the **Allied Irish Banks Group** so far this year "is in line with target," Mr Niall Crowley stated.

In hoping to achieve that target Mr. Crowley added that he was assuming that wiser counsel would prevail against the mooted introduction of the levy on the current accounts of banks.

READICUT INT./BLOOMSBURG CARPET

Readicut International has completed the acquisition of 100 per cent of the common stock of Bloomsburg Carpet Industries.

CHLORIDE GROUP

Chloride Group is proposing to reduce its stake in Chloride SA to 50.00002 per cent with Haggie holding the balance. The proposal is subject to the approval of the South African Reserve Bank, and to adoption by Chloride SA's minority shareholders of a scheme of arrangement to be sanctioned by the supreme court of South Africa.

Under the arrangements which are expected to become operative on October 1, Chloride would receive a cash sum which, depending on exchange rates, would be equivalent to approximately £3.5m.

IDRIS HYDRAULIC TIN LIMITED

Chairman's Statement

In stark contrast to our good fortune in 1979, the year 1980 was one of disaster and tribulation, resulting in a total output of 150 metric tons only, a substantial decrease on the previous year's figure of 269 tons. In consequence gross profit was halved at £240,757.

The net profit after taxation amounts to £141,788 (1979-£207,479) and your Board has declared dividends totalling 9 pence per share (1979-14 pence) at a cost of £115,200. The balance carried forward to 1981 is £102,166, £26,590 more than the equivalent figure for the previous year.

For the first nine months of 1980 operations proceeded as planned with two units.

On 1st October a major landslide occurred at No. 2 Mine, and tragically caused the death of one of our mine workers. A quantity of mining equipment was lost and one section of the paddock had to be walled off and abandoned. In due course operations were recommenced in a southerly direction, but much of our development work had been swept away, so that production was badly affected, and costly stripping of overburden had to be undertaken. At the same time at No. 3 Mine redeployment of plant and equipment had to be brought forward pending the renewal of certain leases which contain an unworked residue of tin ore and are the subject of appeal.

As a result planned operations were badly disrupted and production for the year fell far below expectation.

A third unit came into operation in April and now incorporates the old No. 3 Mine.

In these circumstances total production for 1981 will be badly affected; but even so it is expected to show some improvement over that for 1980, and especially during the later months when we may hope to see a significant increase in output from No. 3 Mine.

CONTRACTS AND TENDERS

PAPUA NEW GUINEA ELECTRICITY COMMISSION

TENDER INVITATIONS

Tenders are invited by the Commission for the supply and delivery of the following:

Galvanized Water Pipes	Tender No. 14-81
Bolts, Nuts, Washers & Screws	Tender No. 15-81
Insulated Distribution Cables	Tender No. 16-81
Insulators	Tender No. 17-81
Galvanised Stay Wire	Tender No. 18-81

Tender documents and specifications are available upon request from:
The Supplies & Transport Division
Commission's Head Office
P.O. Box 1105, Boroko
Papua New Guinea
Tenders will close at 2.30 p.m., Tuesday, August 18th, 1981 at Commission's Head Office, Wards Road, Hohola, Port Moresby

ART GALLERIES

MALL GALLERIES, The Mall, SW1. Society of Graphic Artists 120th Exhn. Mon.-Fri. 10-5 Sat 10-1. Until 23 July. Adm. 50p.

WILLIAM DRUMMOND, COVENT GARDEN GALLERY. Summer Exhibition postponed due to The Great Flood. The Gallery will be closed until further notice except for the most urgent enquiries.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. Tel 235 0010. Exhibition of Arabian Paintings by Theodore Frere.

W. H. PATTERSON. Commemorative Exhibition of HELEN BRADLEY, M.B.E. Until 1 August. Mon.-Sat. 10-6. 19, Albemarle St., W1.

Companies and Markets

MINING NEWS

Good performance from 'Johnnies' gold mines

BY GEORGE MILLING-STANLEY

NET PROFITS of the South African gold mines in the **Johannesburg Consolidated Investment** group held up well during the three months to June 30, in the face of the comparative weakness in the gold price.

Randfontein Estates put up a particularly good performance, with an increase of 26.5 per cent at the net level to R36.34m (£21.3m) compared with the preceding quarter, helped by close attention to costs and a couple of special factors.

The most important of these special factors was the R4.5m drop to R4.35m in the amount absorbed by tax and the state's share of profits under the lease system. This was largely a result of the sharp rise in capital expenditure to R29.1m from R17.9m.

Additional help was provided by a 72 per cent jump to R3.65m in the contribution to profits from uranium, which was mainly attributable to the inclusion of a realised exchange profit of R1.94m in respect of deliveries made in the previous quarter.

The other mine in the group, **Western Areas**, did not fare so well, and turned in net profits of R14.01m, a fall of 3.5 per cent against the previous quarter.

Mill throughput at Randfontein was slightly up, and with the gold grade maintained at 5.4 grammes per tonne, gold output also increased slightly.

The rise in costs was contained to 1.5 per cent in terms of rands per tonne of gold produced, and actually fell by 7.1 per cent when measured in terms of U.S. dollars per ounce produced, as a consequence of the strength of the dollar against the rand.

The average gold price received by Randfontein was $485.7 per ounce, down from $520.2 in the March quarter.

Western Areas' mill throughput was lower during the June quarter, largely as a consequence of a fire in May which cut power supplies. This, coupled with a gold grade of 4.2 grammes per tonne compared with 4.3 grammes last time, reduced production by 3.2 per cent.

The mine's costs were virtually unchanged, as it was able to lay off a number of black workers who had been engaged for special tasks which have now been completed.

A doubling in capital expenditure to R12.83m led to a fall of 50 per cent in the amount taken by tax and the state's share of profits, to leave net profits marginally lower.

	June qtr. R000	March qtr. R000	Dec qtr. R000
Randfontein	36,339	28,731	47,484
Western Areas	14,007	14,514	35,481

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Newspaper, Daily Mail and General Trust, General Consolidated Investment Trust, Jamesons Chocolates, Ladies Pride Outerwear, London and Lomond Investment Trust, Union Discount of London.

Finals—Cawoods, Christie-Tyler, Dalian, Graig Shipping, Moorgate Investment, Symonds Engineering, Wintrust.

FUTURE DATES

Interims—

Adams and Gibbon	Aug. 6
Berisfords	July 23
City Offices	July 28
Fife Forge	Aug. 25
Finals—	
Allied Colloids	July 16
Arbuthnot Governmt. Secs. Tst.	July 31
Arlington Motor	July 22
Benlox	July 17
Burt Boulton	July 23
Cray Electronics	July 31
Ferry Pickering	Sept 24
Great Universal Stores	July 16
Hampson Industries	July 22
Hogg Robinson	July 21
Lynton	July 17
Sheffield Refreshment Houses	July 20
Sogomana	†July 24
Tex Abrasives	July 17
United Gas Industries	July 23
Ward and Goldstone	July 23

† Amended.

Northern Mining suspension lifted

AUSTRALIA'S newly-created National Companies and Securities Commission has recommended that dealings in the shares of Northern Mining should be allowed again after their recent suspension, but has added that investigations will continue.

The NCSC has been examining transactions in Northern Mining shares after July 1, but at this stage has no evidence that the transactions were associated with Endeavour Resources, reports our Sydney correspondent.

Endeavour, a subsidiary of *Bond Corporation*, made a takeover bid for all the shares it did not own in Northern Mining on July 7. But details of how and when Endeavour obtained its 19.82 per cent stake, previously held by National Mutual Life Association of Australasia, remain unclear.

The suspension of trading in shares of Northern Mining on July 9 was also made in view of differences between the published estimates of the extent and value of the Ashton joint venture diamond prospect in Western Australia in which Northern Mining has a 5 per cent stake.

However, the NCSC has said that the sharemarket is now aware of different estimates for Ashton. This referred to the quarterly report issued last Friday by the Ashton consortium leader, CRA, which said that the important AK1 diamond pipe might contain in excess of 100m tonnes of diamond-bearing kimberlite but while samples indicated that diamonds persisted at depth it was too early to draw firm conclusions about the grade at depth.

Northern Mining had previously said that preliminary tests had indicated the presence of about 160m tonnes of ore to a depth of some 200 metres, suggesting a diamond potential of 800m carats. This estimate was based on the assumption that the average surface grade would persist at depth.

Trading in Northern Mining shares remained halted in London yesterday.

PRES. STEYN RETURNS TO NORMAL

Production returned to normal yesterday at the **Anglo American Corporation of South Africa's President Steyn** gold mine in the Orange Free State, after the serious disruptions of the previous two days.

Riots and strikes on Sunday and Monday left one miner dead, and the mine said that it estimated the damage to its above-ground facilities at about R1m (£600,000). The riots started over objections to new pay deductions for death benefits.

U.S. company quits bauxite venture

THE U.S. oil and gas producer and hardrock miner **Tipperary Corporation** has pulled out of an international joint venture to mine bauxite in Australia.

Billiton Aluminium Australia, a subsidiary of the **Royal Dutch/Shell** group, has raised its interest in the venture to 66.6 per cent from 40 per cent, and **Aluminium Pechiney Holding**, the Australian subsidiary of France's **Pechiney Ugine Kuhlmann**, has increased its stake to 33.3 per cent from 20 per cent.

The French parent company said the new arrangements were only temporary, as the Australian Government has called for domestic investors to take a 50 per cent holding in the project, at Aurukum in northern Queensland.

The Aurukum deposits are estimated to contain 350m tons of bauxite.

Delayed start for U.S. uranium mine

THE CURRENT weakness in the uranium market has led **Phillips Uranium Corporation** to suspend operations at its Nose Rock mine in New Mexico, which is now nearing completion.

The company, a subsidiary of **Phillips Petroleum**, said it does not intend to abandon the mine, but will put it on "stand-by" for what it hopes will be a brief period until market conditions improve.

Phillips said that market demand for uranium was not sufficient to justify starting production, and also mentioned the impact of low-cost imports from Canada and Australia.

Nose Rock was scheduled to start operations after the completion of production and ventilation shafts, now in the final stages of construction. Full production was expected in 1986.

Phillips has an estimated 25m lbs of uranium oxide in the area.

Richards & Wallington

The receivers appointed at the end of last month to Richards and Wallington, the largest specialist crane hirer in Britain, have disposed of the group's HMT Engineering subsidiary. In keeping with the business vogue, HMT's management is buying the company.

Mr E. A. Laidler and Mr P. A. Franks, the managing finance director respectively, have completed the purchase of the subsidiary's assets with financial assistance from Barclays Bank.

This is the first dispoal since the group's 24 bankers owed a total of £27m, finally rejected proposals for the continued support which had been agreed initially 10 weeks beforehand.

Mr Philip Baldwin, the partner in the accountancy firm Price Waterhouse, managing the affairs of HMT and four other Richards and Wallington subsidiaries, said that "HMT was a successful company brought into receivership as a result of the problems in the Richards and Wallington group. I am very pleased that it was possible to conclude a deal so quickly as it was clear to me from the outset that HMT was a business with a future."

Distributing the CompAir range of portable and stationery compressors HMT is to continue business within a new company, Campleshon, trading as HMT Compressed Air Services and Stan G. Turner.

Mr Baldwin is also the receiver for Richards and Wallington's Bowyer Plant Hire and Transport, Bramcotes Industrial Maintenance, R. K. Crisp (Haulage) and Euro-Mac Construction Equipment subsidiaries.

Euro-Mec is the secondhand crane sales offshoot which was used by the group as a whole for asset disposals. The receiver intends to sell the plant which was on its books at the end of June but there is no plan to use Euro-Mec as a conduit for further plant sales throughout the group.

The receiver epects instead to keep each company in tact and sell them as going concerns. Mr Baldwin said yesterday that he was "fairly happy with the progress we are making" and felt that he may be able to conclude another maor disposal in about a week.

Like Record Tower Cranes, another Richards and Wallington subsidiary, HMT was on the point of negotiating a management buy-out with the group before the receiver was appointed.

RESIDENTIAL PROPERTY

COMPANY NOTICES

KINGDOM OF DENMARK

7½% 1972/1987 FF 100,000,000 Bonds

Notice is hereby given to Bondholders of the above Loan that the amount redeemable on September 1 1981, i.e. FF 6,000,000 was bought in the market.

Amount outstanding: FF 64,000,000.

Luxembourg
July 15 1981

The Fiscal Agent

KINGDOM OF DENMARK

6½% 1972/1987

Flux. 800,000,000

Holders of the above mentioned bonds are hereby informed that the annual redemption instalment of Flux. 80,000,000.— due on 14th August, 1981, has been entirely satisfied by repurchase in the market.

Consequently, a drawing by lot will not take place this year. The amount of bonds outstanding, after the amortization of 14th August 1981, will be Flux 480,000,000.—

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent

Luxembourg, 15th July, 1981

The Royal Bank of Canada

DIVIDEND No. 376

NOTICE IS HEREBY GIVEN that a Dividend of 45 cents per share upon the paid-up capital of this Bank has been declared for the current quarter and will be payable at the Bank and its branches on or after August 24, 1981 to shareholders on record at the close of business on July 24, 1981.

By Order of the Board
R. J. MOORES
Corporate Secretary

TRAVEL

EDUCATIONAL

PUBLIC NOTICES

H.M. LAND REGISTRY
LOST CERTIFICATE
It is proposed to issue a new Certificate to replace the one described below that is stated to have been lost or destroyed. Anyone possessing the missing certificate or objecting to the issue of a new one should at once notify H.M. Land Registry, Lincoln's Inn Fields, London WC2A 3PH.
SCHEDULE
Land Certificate: Freehold Title Number SF65573. Property: The Griffin Works, Colliery Road, Wolverhampton, W. Midlands: Registered Proprietor: Qualcast (Wolverhampton) Limited. Address: Swan Gardens, Wolverhampton, W. Midlands.

CUMBRIA COUNTY COUNCIL
£3,000,000 Bills offered 9.7.81 for payment 10.7.81 due 9.10.81 at 12 55/64. Applications totalled £16½m. Bills outstanding £5m.

HERTSMERE BOROUGH COUNCIL
£850,000 Bills issued on 15.7.81 at 12.859375% to mature on 14.10.81. Total applications £5,950,000. Total outstanding £850,000.

METROPOLITAN BOROUGH OF WOLVERHAMPTON
£9.5m 91-day Bills issued on 15 July 1981, due 14 October 1981 at 12¼%. Applications totalled £34.5m. None outstanding.

WALSALL METROPOLITAN BOROUGH BILLS
£10,000,000 Bills issued 15th July 1981, due 14th October 1981 allocated as follows £500,000 at 12 55/64% and £9,500,000 @ 12⅞%. Applications totalled £49,500,000. These are the only Bills outstanding.

METROPOLITAN BOROUGH OF TAMESIDE
VARIABLE RATE REDEEMABLE STOCK 1983
The Council of the Metropolitan Borough of Tameside announces that the half-yearly payment of interest due on 17th January, 1982 on the above Stock will be at the rate of £7.25 (less income tax) per £100 of stock.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. LIFE AND LANDSCAPE IN BRITAIN, 1670-1770. Until 31 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. BRITISH & FRENCH PAINTINGS.

COLNAGHI ORIENTAL, 14, Old Bond St., 01-491 7408. Exhibition: OBJECTS FOR A "WUNDERKAMMER." Mon.-Fri. 10-5.30.

COLNAGHI ORIENTAL, 14, Old Bond St., London, W1. 01-491 7408. GODS, GARDENS AND ELEPHANTS. Until 17 July. Mon.-Fri. 10-5.30.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. 20th CENTURY WORKS on VIEW. Mon.-Fri. 10-5.

MARLBOROUGH, 6, Albemarle St., W1. OSKAR KOKOSCHKA (1886-1980) Memorial Exhibition until 31st July. Mon.-Fri. 10-5.30, Sat. 10-12.30.

Chase joins second period downward trend of banks

BY DAVID LASCELLES IN NEW YORK

CHASE MANHATTAN joined the downward trend in bank earnings by announcing a decline in second quarter profits yesterday, mainly because of higher funding and operating costs. Its new chairman, Mr Willard Butcher, took over from Mr David Rockefeller in the spring.

Net income before securities transactions was $100.6m or $2.83 a share, down 2 per cent from $103m, or $3.04, earned in the same period last year.

Although Chase increased the interest income on its assets by 26 per cent to $2.4bn in the quarter, the cost of funding these assets rose by 33 per cent to $2bn. The resulting net interest income of $415.1m was down slightly on last year's $417.5m. The spread between the return on interest-earning assets and the average rate paid to fund them was 3.15 per cent, down from 3.47 per cent in the same period last year.

Chase also suffered a sharp rise in its other operating expenses, like salaries and rents. There were $395.2m, up 15 per cent on last year. Income from activities other than lending rose quite sharply, thanks to higher fees and commissions. Chase said it benefited particularly from changes in New York law which allowed it to increase charges on credit cards.

Chase's assets at mid-year were $78.8bn, which puts it behind Citicorp and Bank of America.

In the first half of this year, Chase earned $171.1m or $4.83 a share, down 9 per cent from the $191m, or $5.63, earned in the first half of 1980.

Chase said that the provision for possible loan losses for the second quarter was $51m compared with $50m a year ago. Yet write-offs amounted to $17.5m in the 1981 quarter and $38.8m a year ago.

Mellon National Bank of Pittsburg also suffered a small drop in earnings, from $28.4m, or $1.45 a share, to $28.1m, or $1.43. This brought its six-month earnings to $57.9m, or $2.95, up from $54.5m, or $2.78, in the first half of last year.

Mellon, the 16th largest U.S. commercial bank, has more than 100 branches inside the U.S. and international branches in Frankfurt, London, Hong Kong and Tokyo. Its interests range from commercial and retail banking and trust services to mortgage banking, equipment leasing and consumer finance.

$150m straight bond for EIB

BY FRANCIS GHILES

TWO FIXED interest dollar bonds were announced yesterday, for the European Investment Bank and IBM World Trade, a fully-owned subsidiary of the U.S. computer company.

A $150m straight bond to 1989 for the European Investment Bank is being arranged by UBS (Securities). It offers investors an indicated coupon of 15 per cent and a pricing of 99½. Final terms will be announced on July 22. The borrower has the option to call the issue at 100½ in 1987 and 100¼ in 1988.

A $60m 14¾ per cent bond to 1985 is meanwhile being arranged for IBM World Trade through Salomon Brothers, Merrill Lynch and Morgan Guaranty, the same group which arranged the two previous straight dollar Eurobonds for this borrower. The terms, which are final, include a price of par.

Prices of fixed interest Eurobonds declined by ¾ points yesterday, while the volume of trading remains, according to most dealers, extremely thin.

Meanwhile, both the Swiss franc and the dollar tranches of the bond for Texas General Resources have been cut after low investor interest in the paper. The Swiss franc tranche to 1988 was cut by SwFr 7m to SwFr 23m ($11m) but the indicated coupon of 7½ per cent and conversion premium of 16 per cent remain unchanged. This issue is being arranged by Bank von Ernst, a subsidiary of Hill Samuel.

The dollar tranche, which is led by Hill Samuel, has been cut by $3m to $12m, but the final coupon is unchanged at 10¼ per cent and the conversion premium remains as initially indicated at 14 per cent.

Good demand allowed Nikko Securities to cut the indicated coupon of 6½ per cent on the $30m convertible to 1996 it is arranging for Toyo Menka Kaisha by ¼ per cent. The conversion premium has been set at 2.83 per cent.

The $40m 15-year convertible issue for the Japanese company, Dainippon Ink and Chemicals, has been priced with terms as indicated through the lead managers, Yamaichi Securities, Credit Suisse First Boston, Banque de Paris et des Pays-Bas and Smith Barney Harris Upham. The coupon is 6 per cent and the conversion premium 3.3 per cent.

The £15m ($28m) 15-year Eurosterling convertible for Seiyu Stores has been completed through Kleinwort Benson. The coupon is 7½ per cent, as indicated, and the conversion premium is 5.9 per cent.

D-Mark foreign bonds were unchanged on the day. Swiss franc issues gained ¼ point.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday August 13. Closing prices on July 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¼ 86 (WW)	55	98¾	99½	−0⅛	−0¼	15.46
Amoco 13¼ 88	75	92½	93	−0⅛	−1⅛	15.01
CIBC 14½ 84	185	97⅜	97⅞	−0⅛	−0½	15.54
CIBC 15⅞ 86	75	99⅝	100⅛	+0⅛	+0⅛	15.28
CNA 15⅛ 96	75	97	97½	−0⅜	−0⅞	15.72
CNE 12¾ 91	100	87¾	88¼	−0⅛	−0¾	15.16
Citicorp O/S 12 87	200	88¾	89¼	0	−1	14.77
Citicorp O/S 15½ 84	175	100¼	100⅝	0	−0¼	15.30
Dupont Canada 13½ 91	65	93¼	93¾	−0½	−1	14.76
EIB 12¾ 89	75	87⅞	88⅜	−0⅛	−0⅜	15.45
Eldorado 13¼ 86	50	92¾	93¼	0	−1⅛	15.39
Elec. de France 13 88	125	91	91½	−0⅛	−0⅜	15.15
Export Dv. Cpn. 9½ 86	150	81⅝	82⅛	0	−0⅜	15.31
Fed. Bs. D. 13¼ 85 (N)	50	91	91½	−0⅛	−0⅜	15.08
Fed. Bs. D. 15¾ 84 (J)	40	100⅞	101⅜	0	+0⅛	15.21
Fin. Exp. Credit 10½ 85	50	84⅞	85⅜	−0⅛	−0⅛	15.82
Finland, Rep. of 9½ 86	100	79⅞	80⅜	−0⅛	−0⅜	15.78
Ford Cr. O/S Fin. 16 84	150	100¼	100¾	−0⅛	−0⅜	15.61
Ford Cr. O/S Fin. 16 85	150	97⅞	98⅜	−0⅛	−0¼	16.67
Gaz de France 13½ 86	80	94⅛	94⅝	−0⅛	−0⅞	15.24
GMAC O/S Fin. 12⅞ 88	100	90⅝	91⅛	−0⅛	−0⅛	15.11
GMAC O/S Fin. 14¼ 87	100	97⅛	97⅝	−0⅛	−0½	15.44
Gen. Mts. O/S 11⅞ 87	100	87	87½	−0⅜	−0⅜	14.99
Genstar 14⅜ 91	50	98⅛	98⅝	0	−0⅜	15.01
GTE Fin. 13¾ 86 (WW)	50	96⅞	97⅜	−0⅛	−0¾	14.63
Hiram Walker 16 85	50	102¼	102¾	−0⅛	−0½	15.20
IBM Wld. Trade 12½ 88	200	94⅝	95⅛	−0⅛	−1⅛	13.69
IBM Wld. Trade 14¾ 84	100	101¼	101¾	+0⅛	+0½	14.06
Nat. Bk. Canada 15¾ 84	40	98¾	99¼	0	0	15.87
Newfoundland 13½ 90	60	91¾	92¼	−0⅛	−0⅜	15.18
Nova Scotia 15 91	75	97½	98	−0⅛	−0½	15.45
Ontario Hydro 13½ 91	100	93⅝	93⅞	0	−0⅛	14.77
Queb. Hy. 13 91 (WW)	100	87⅜	88⅛	−0⅛	−1⅛	15.48
Royal Bk. Canada 14 86	100	97¾	98¼	+0⅛	−0⅜	14.56
SNCF 13 91	75	90⅝	91⅛	−0⅛	−0⅜	14.80
Sth. California 14 87	50	96¾	97¼	0	−0⅜	14.78
Sth. California 14¾ 88	50	98¼	98¾	−0⅛	−0⅛	15.10
Sven Handlsbk. 13⅜ 88	45	91⅞	92⅛	−0⅛	−0⅞	15.71
Swed. Ex. Credit 13 86	75	90⅞	91⅜	−0⅛	−0⅜	15.82
Swed. Ex. Cred. 15¾ 86	50	99¾	100¼	0	−0⅜	15.71
Toronto-Dom. Bk. 14 84	50	96⅛	96⅝	0	−0⅜	15.57
Tribune O/S Fin. 14 86	50	95	95½	0	−0⅛	15.44
Wells Fargo Int. 15½ 84	50	100¼	100¾	−0⅛	−0⅜	15.24
World Bank 10¾ 87	300	81⅞	82⅜	0	+0⅛	15.00
World Bank 14⅜ 86	500	96⅜	96⅞	−0⅛	0	15.39

Average price changes... On day −0⅛ on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	92½	98¼	+0⅛	−0¼	10.34
Austria, Rep. of 8¾ 92	150	87½	88¼	−0⅛	−0½	10.09
CECA 7⅞ 92	150	86	86¾	−0⅛	+0½	9.95
CECA 10 91	120	99⅞	100⅞	−0⅛	−0¼	9.92
CII-Honeywell 8¾ 90	125	88	88¾	0	0	10.42
Council of Europe 10 91	100	98¾	99½	−0⅛	−0½	10.13
EIB 8½ 90	200	89⅛	89⅞	0	−0½	10.30
EIB 10½ 91	200	100⅝	101⅜	−0⅛	0	10.36
ESCOM 9¾ 87	100	90⅝	91⅜	+0⅛	−0⅛	11.30
Finland, Rep. of 10 89	100	97⅛	97⅞	−0⅛	−0⅜	10.47
Iberduero SA 9 90	100	88	88¾	0	−0⅛	11.10
Ind. Bk. Finland 8¼ 90	50	89	89¾	0	−0½	10.32
Int.-Am. Dv. Bk. 10 91	100	97⅞	98⅝	0	−0⅛	10.11
Japan Air Lines 8⅝ 87	100	91⅞	92⅜	−0⅛	−0⅜	9.86
Japan Dev. Bk. 7⅞ 87	100	89	89¾	−0⅛	0	10.02
Kobe City of 8 90	100	88⅛	88⅞	0	+0⅜	10.00
Midland Int. Fin. 8½ 90	180	89½	90¼	0	0	10.23
Nuclebras 9¾ 88	100	89½	90¼	+0⅜	+1⅛	11.88
OKB 8¼ 92	150	87	87¾	−0½	+0¼	10.21
Oslo, City of 8¾ 90	80	92	92¾	+0⅛	+0⅜	10.10
Venezuela, R. of 9¾ 90	150	94⅛	94⅞	+0½	−0⅛	10.89
World Bank 8 90	700	86	86⅝	0	−0⅛	10.39
World Bank 10 86	150	101½	102¼	+0⅜	−0⅛	9.51

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	96¼	96½	−0⅛	−1¼	7.02
BFCE 6½ 91	100	94½	94¾	−0½	−1⅜	7.29
Bayer Int. Fin. 5¾ 92	100	91⅜	91⅞	+0⅜	0	6.33
Bergen, City of 6¾ 91	40	†100	100½	−0⅛	−0⅛	6.71
Bhrmn.-Tetterode 7 90	40	100¼	100½	+0⅜	+0⅛	6.94
CECA 6⅝ 91	80	97⅛	97⅝	−0⅛	+0⅜	7.11
Denmark 5¾ 90	80	88¼	88½	+0⅛	+0⅛	7.58
Dome Petroleum 5¾ 91	100	94½	94¾	−0⅜	−0⅞	6.62
Elet. de France 5¼ 90	100	†91	91½	+0½	+0⅛	6.54
Eurofima 5⅝ 92	80	†98½	99	−0⅛	0	5.90
F. G. H. Hypo. Bk. 6 90	50	94	94¼	0	−0⅞	6.90
Finland, Rep. of 5⅞ 90	80	†88½	89	−0½	+0⅜	7.36
Franc. Petroles 6½ 91	80	97¾	97¾	+0⅛	0	6.85
Genstar 7 91	100	102⅞	103⅜	+0⅜	−0⅛	6.57
Int.-Amer. Dv. Bk. 7 91	100	98¾	99	−0¼	−0¼	7.16
Japan Dev. Bank 5¾ 90	100	95¼	95½	+1⅛	+1⅛	6.42
Mt. Blanc Tunnel 5½ 90	80	90¼	90½	+1⅛	+0⅛	6.95
Newag 5¾ 90	80	92¾	93	+0½	0	6.84
OKB 7 93	100	100½	100⅞	+0⅜	+0½	6.93
Oslo, City of 5⅞ 90	80	†93½	94	−0⅛	+2⅛	6.80
Philips Lamps 5¾ 92	100	†89½	90	+0⅛	−0⅛	6.58
Swed. Ex. Cred. 7⅛ 91	75	97⅞	98⅜	−0⅛	+1⅛	7.54
Trade Dev. Fin. 6⅜ 90	50	91¾	91¾	+1	−0⅜	7.43
Voest-Alpine 5¾ 90	80	90	90½	−0⅛	0	7.23
World Bank 6 91	100	92⅝	92⅞	−0½	−0⅜	7.06
World Bank 7 90	100	100	100½	−0⅛	−0⅞	6.85

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	97	98	0	−0⅜	8.83
Australia 6½ 88	20	85⅝	86⅝	0	0	9.38
EIB 7¾ 89	12	91¾	92¾	0	0	9.13
Finland 6.3 88	10	85⅛	86⅛	−0⅛	−0⅛	9.71
Finland, Rep. of 8⅛ 87	15	97½	98½	0	−0⅜	8.82
New Zealand 8⅛ 87	15	98	99	+0⅛	+0⅜	8.70

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	86½	87½	0	+0⅛	14.43
CIBC 13½ 85 C$	50	96⅛	94⅜	0	−0⅛	15.70
CIBC 11½ 85 C$	60	86⅛	87⅛	0	−0⅛	16.31
Federal Dev. 11½ 90 C$	60	†79	80	0	−1⅛	15.84
Fst. Can. Inv. 10 84 C$	50	†84¾	85¾	0	−0½	16.82
R. Bk. Canada 10 86 C$	40	89	89¾	0	−0⅛	13.38
Tordom Cpn. 13½ 85 C$	30	†94	95	0	−0⅜	15.46
M. Bk. Dnmk. 9 91 EUA	25	86⅛	87⅛	0	+0⅛	11.21
SOFTE 8¾ 89 EUA	40	86½	88	−0⅛	−0¼	10.74
U. Bk. Nwy. 9½ 90 EUA	18	93½	95	−0⅜	−0½	10.53
Algemene Bk. 10¼ 86 Fl	60	94⅞	95⅜	0	+0¼	11.63
Amro Bank 12 86 Fl	75	100¾	101¼	+0⅜	+0⅞	11.72
Heineken NV 10 87 Fl	100	94	94½	+0⅜	+1⅛	11.37
Nat. Nedrlndn. 10 88 Fl	60	95⅛	95⅝	0	+0¼	10.87
Ned. Midd. Bk. 10 85 Fl	75	94⅛	94⅝	+0⅛	+0⅝	11.72
Pierson 10¾ 86 Fl	50	93⅜	93⅞	+0⅛	+0⅛	12.09
Rabobank 12 86 Fl	50	100⅜	100⅞	+0⅛	+0⅜	11.81
Air France 14½ 86 FFr	200	92¼	93¼	0	+0⅛	16.76
Bk. America 14½ 86 FFr	250	90⅜	91⅜	0	+0¼	17.40
Charb'nages 13⅞ 85 FFr	400	89½	90½	0	+0⅛	17.19
EIB 14⅛ 88 FFr	300	87⅜	88⅜	0	−0⅛	17.30
La Redoute 14⅜ 85 FFr	125	86⅜	87½	+0⅛	0	18.89
OKB 14 86 FFr	400	92	93	0	0	16.37
Solvay et C. 14¾ 86 FFr	200	95⅛	96⅜	0	−0⅛	15.99
Swed. E. Cr. 14⅜ 86 FFr	250	†87¾	88¾	−0⅛	−0⅛	18.48
U. Mex. Sts. 14 85 FFr	150	†90	91	0	+0⅜	17.53
Acona 14 85 £	20	92⅞	93⅞	−0½	−0⅛	16.14
Beneficial 14¼ 90 £	20	85¼	86	0	−0¾	17.40
BNP 13½ 91 £	15	87⅛	87⅞	+0⅛	−0½	16.10
CECA 13½ 88 £	20	88¼	89	−0¾	−1½	16.23
Citicorp O/S 13½ 90 £	50	92⅞	93⅝	−0⅛	−0½	14.90
Fin. Ex. Cred. 13¾ 86 £	15	91¾	92½	−0⅛	−0⅜	16.20
Gen. Elec. Co. 12½ 89 £	50	86⅛	87	−0⅛	−1⅛	15.56
Hiram Walker 14⅛ 86 £	25	93½	94½	0	−0⅞	16.17
Privatbanken 14½ 88 £	12	90⅝	91⅝	−0⅛	−0⅛	16.74
Rothschild 14¾ 90 £	12	93½	94½	0	−0¼	15.56
Royal Trustco 14 86 £	12	93⅛	93⅞	−0½	−1⅜	16.02
Swed. Ex. Cr. 13¾ 86 £	20	92	92¾	+0⅛	−0⅞	16.12
Akzo 9¾ 87 LuxFr	500	89¼	90¼	+0⅛	+1⅛	11.61
Euratom 9¾ 88 LuxFr	500	83⅞	84⅞	−0¼	−1	13.48
Eurofima 10½ 87 LuxFr	500	89⅞	90⅞	0	−0⅛	12.79
EIB 9¾ 88 LuxFr	600	86⅝	87⅝	+0½	−1½	12.87
Volvo 9¾ 87 LuxFr	500	85⅞	86⅞	+0½	−0⅛	12.99

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98¾	99¼	18/12	16¾	16.92
BBL Int. 5 86	0¼	99⅝	100⅛	20/11	18.31	18.34
BNP 5½ 88	‡0⅛	98¼	99¾	29/7	16.44	16.52
CNT 5¾ 86	§0¼	99¼	99¾	16/10	16.81	16.90
Christiania Bk. 5½ 91	‡0¼	98¼	98¾	5/8	17.31	17.58
Citicorp O/S Fin. 84	‡0	98⅞	99⅜	29/7	18.69	18.85
C. Itoh 5¾ 87	0¼	98⅞	99½	18/9	15.44	15.57
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.59
Den Norske Credit 6 90	‡0¼	98⅝	99⅛	5/8	17.31	17.51
Genfinance 5¾ 87	0¼	98⅞	99⅜	30/10	16.94	17.09
Genfinance 5¾ 92	0¼	99⅛	99⅝	30/12	18.31	18.43
Giro und Bank 5¼ 91	‡0⅜	98⅞	99⅜	23/9	19.06	19.23
GZB 5½ 89	‡0¼	98½	99	1/8	17.31	17.53
GZB 5¾ 92	‡0¼	98¼	98¾	5/9	17½	17.51
Ind. Bank Japan 5¾ 87	0¼	99½	99⅞	15/10	17.06	17.17
Ind. Bank Japan 5¼ 88	0¼	98½	99	9/10	16.44	16.65
Lloyds Eurofin 8 90 £	0¼	97⅛	97⅝	6/1	13⅝	13.99
Lloyds Eurofin 5¾ 92	0¼	98½	99	4/12	17.44	17.66
LTCB Japan 5¾ 86	0¼	99⅝	100⅛	13/12	17½	17.27
Man. Hanov. O/S 5¾ 94	‡0⅛	99⅜	99⅞	30/8	19.06	19.13
Merrill Lynch O/S 87	0⅛	99⅝	100⅛	7/8	20.44	20.41
Midland Int. Fin. 5¼ 92	0¼	98¾	99¼	5/12	17⅛	17.55
Midland Int. Fin. 9 91	0¼	98	98½	30/10	16.81	17.11
Nacional Fin. 6¼ 86	0⅜	99	99½	25/7	17⅜	17.82
Nacional Fin. 5½ 88	0¼	96⅜	97⅛	25/9	14⅞	15.34
Nat. Bk. Canada 5¼ 88	0¼	98	98½	24/9	14½	14.76
Nat. West. 5¼ 94	§0¼	97¾	98¼	14/10	16.19	16.52
Nat. West. 5¾ 91	0⅛	98½	99	15/7	5⅛	5.32
Nat. West. 5¾ 92	§0⅛	98	98½	23/10	16.81	17.11
Pemex 6 91	0¼	96⅝	97⅛	8/10	15.31	15.81
Sparebanken 6 87	0¼	97⅞	98⅜	19/12	16.81	17.13
Standard Chart. 5¾ 90	0¼	98⅝	99⅛	3/9	17.06	17.26
Svenska Hndlsbk. 5 87	0¼	99⅛	99⅞	15/7	17.81	17.88

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	98	99	−1⅛	0.89
Bow Valley Inv. 8 95	4/81	23.12	111	112¼	−0⅞	10.49
Canon 6¾ 95	1/81	829	188⅞	190⅞	−4½	0.36
Credit Suisse 4¾ 93	10/79	1236	79½	81	0	−4.11
Digicon Fin. 8½ 95	10/81	29.5	†97	98½	0	7.80
Fujitsu 5½ 96	7/81	732	110⅞	111⅞	+0⅜	7.91
Furukawa Elec. 5¾ 96	7/81	300	109½	110½	+0⅛	−0.39
Hanson O/S Fin. 9½ 96	8/81	2.74	88½	90	0	4.07
Ina Overseas 8¾ 2000	4/81	42	105	106½	+0½	0.94
Inchcape 8 95	2/81	4.55	67	68½	0	2.39
Kotobukiya Co 7 96	4/81	619	†92	93½	−2	−3.84
Marion Int. Fin. 9 95	12/80	15.5	80¼	81¾	+1⅞	19.57
Marui 6 96	7/81	931	100¼	101¼	−3¼	−2.25
Matsushita El 7½ 95	11/80	590	96⅛	97⅛	−0½	5.89
NKK 6½ 96	7/81	188	115⅝	116⅝	−3¼	27.85
Ricoh 6⅛ 95	8/80	604	168⅞	170⅛	−2	−1.97
Sumitomo M. Ind. 7 95	2/81	181	151	152	−1½	0.06
Swiss Bk. Cpn. 6¾ 90	9/80	210	74	76	0	33.50
Taylor Woodrow 8¾ 90	1/81	4.94	88	89½	−2½	2.05
Transco Int. 8¾ 95	2/81	88	80½	82	0	35.98
Tricorp 8½ 95	12/80	31.25	79	80½	−0⅛	9.55
Union Bk. Switz. 5 89	2/80	70.79	73	75	+0½	[illegible]
Sharp Cpn. 6½ 88 DM	9/80	595	213⅛	214⅛	+5½	0.86
Uny Co. 6½ 85 DM	11/79	879.3	118⅜	119⅜	−0⅛	−3.04

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Merrill Lynch raises earnings

By Our New York Correspondent

MERRILL LYNCH, the giant of the U.S. brokerage business, continued to advance, thanks to profits earned from heavy trading in the financial markets and an increase in its investment banking business.

Net earnings were $67.7m, up 4 per cent on last year. But this was significantly less than the 34 per cent increase in revenues recorded for the quarter, suggesting that Merrill's margins have been under pressure.

Mr Roger Birk, chairman, indicated that the results were particularly encouraging given that year-on-year comparisons were based on last summer's Wall Street boom which produced spectacular profits for all of its broking houses. Generally he said, trading business and investment banking had more than offset problems created for Merrill by the record interest rate environment.

A higher level of customer margin balances and other interest-earning assets enabled the growth in interest revenues to outstrip the rise in interest expense by about $22m in the second quarter.

Merrill said it had the best quarter ever in investment banking, where gains were spread across the board. By far the largest were contributed by underwriting of corporate offerings, especially common stock.

The board increased the quarterly dividend to 32 cents a share from 28 cents, payable August 12.

Wall Street broker floats unusual bond

By Our New York Correspondent

WALL STREET'S ability to cook up new ideas to sell debt seems to have no bounds.

In one of the most unusual financings seen for years, Oppenheimer, a Wall Street investment and stockbroking house, yesterday sold $25m of bonds. The interest rate at which will be adjusted every six months on the basis of the volume of shares traded on the New York Stock Exchange.

The idea is that since Oppenheimer's fortunes are linked closely to the health of the stock market, its debt will gain or lose in attraction depending on how actively shares are traded.

"We wanted to give the issue a special kicker," said the firm yesterday. Normally kickers come as warrants to buy stock, but since Oppenheimer is not a publicly traded company, this is not possible.

The issue carries an initial coupon of 18 per cent. This will be adjusted every six months on the basis of the average share trading volume. For every 1m shares traded above 48m a day, the coupon will rise by 0.2 per cent.

The issue triggered strong interest and was sold out within hours yesterday morning, mainly to institutional investors.

U.S. QUARTERLIES

AKZONA	1981 $	1980 $
Second quarter		
Revenue	314.0m	244.4m
Net profits	4.8m	1.45m
Net per share	0.39	0.12
Six months		
Revenue	622.9m	537.6m
Net profits	7.5m	6.75m
Net per share	0.61	0.55

COPPERWELD	1981 $	1980 $
Second quarter		
Revenue	161.35m	119.15m
Net profits	10.03m	2.55m
Net per share	1.75	0.45
Six months		
Revenue	304.7m	250.7m
Net profits	17.86m	7.82m
Net per share	3.12	1.37

DOVER CORPORATION	1981 $	1980 $
Second quarter		
Revenue	262.7m	207.0m
Net profits	25.42m	17.98m
Net per share	1.43	1.01
Six months		
Revenue	498.7m	408.7m
Net profits	46.79m	36.2m
Net per share	2.62	2.03

GREAT WESTERN FINANCIAL	1981 $	1980 $
Second quarter		
Revenue	295.5m	248.6m
Net profits	1.34m	5.59m
Net per share	0.06	0.25
Six months		
Revenue	570.0m	485.9m
Net profits	2.18m	19.09m
Net per share	0.10	0.85

OWENS-CORNING FIBERGLAS	1981 $	1980 $
Second quarter		
Revenue	606.1m	495.5m
Net profits	15.7m	12.1m
Net per share	0.51	†0.07
Six months		
Revenue	1.14bn	1.07bn
Net profits	28.2m	16.8m
Net per share	0.92	0.55

† Loss

OWENS-ILLINOIS	1981 $	1980 $
Second quarter		
Revenue	1.05bn	961.8m
Net profits	49.25m	38.86m
Net per share	1.66	1.33
Six months		
Revenue	2.02bn	1.9bn
Net profits	73.27m	65.37m
Net per share	2.46	2.23

TEXAS OIL AND GAS	1980-81 $	1979-80 $
Third quarter		
Revenue	415.6m	303.9m
Net profits	50.6m	37.3m
Net per share	0.53	0.39
Nine months		
Revenue	1.14bn	866.5m
Net profits	138.8m	101.3m
Net per share	1.45	1.06

C$430m DEAL INVOLVES CANADIAN INTERESTS

Nova buys Shell oil and gas lands

BY ROBERT GIBBENS IN MONTREAL

NOVA CORPORATION of Calgary through its Husky Oil subsidiary, is buying package of Canadian oil and gas exploration and development interests from Shell Explorer of the U.S. for C$430m (U.S.$360m) plus certain unspecified future production payments.

Shell Explorer, which is owned by Shell Oil Company of Houston, itself 69 per cent held by The Royal Dutch/Shell group for many years has participated in the Royal Dutch/Shell group's Canadian exploration and development programme because its scope was too large for Shell Canada alone. Shell Canada is 79 per cent owned by the Royal Dutch/Shell.

Husky is to buy all Shell Explorer's interests in a total of 29m gross exploration acres off the east coast and the west coast of Canada which is mainly controlled by the Federal Government. Under the Federal Government's National Energy Policy domestic exploration groups operating on Federal lands have added advantages over foreign groups.

Husky also is to buy a 20 per cent working interest in the C$12bn Alsands tar sands oil extraction project in Alberta and further interests in undeveloped oil sands deposits in Alberta.

Shell Explorer will keep its interest in the Mackenzie Delta where the Shell group holds gas reserves with Exxon and Gulf. These also are Federal lands. The Husky/Shell deal brings to more than C$8bn the value of oil and gas assets bought from foreign companies in the past five years.

Most of the offshore and northern Canada development areas are Federally controlled and under the NEP Ottawa has been trying to speed up the rate of discovery offshore. In Newfoundland there is a dispute between the province and Ottawa over the jurisdiction of permits, but both governments want to press ahead with development.

The Shell group will still have major interests off the east and west coast through Shell Canada. Shell Canada and partners next year will drill much deeper off the Nova Scotia continental shelf and with Chevron will return to exploration off the Queen Charlotte Island on the west coast. Shell Canada will also retain leadership of the Alsands project, and will remain one of the largest gas producers, a major oil producer and a large refiner and marketer.

Nova is joint sponsor of the Canadian section of the Alaska Highway gas pipeline and now becomes a major force in offshore and tar sands development. It has long believed in the gas potential of the Nova Scotia shelf and is also joint builder of the trans-Canada gas pipeline extension from Montreal to the Maritime provinces.

Nova wants to buy further oil and gas interests and has had talks with BP Canada and Sunoco, both foreign owned. There have been rumours that Nova and the Canadian Pacific group might make an offer for BP Canada, but Nova denies this, the approach will be taken.

Strong advance at Honeywell

BY OUR FINANCIAL STAFF

HONEYWELL, the U.S. computer group, has reported a strong advance in second quarter net earnings, but only after taking into account large gains from foreign currency translation.

Net profits were $70.7m against $55.5m last time, or $3.11 a share compared with $2.49. However, the figures include $1.25 a share currency gain against a 3 cents a share loss last time. Sales for the period were $1.3bn against $1.18bn.

However, the appreciation of the dollar has not been a one-way street for Honeywell, which said the quarterly increase came despite a drop in the operating income of European affiliates as a result of the strengthened dollar. The company has a 47 per cent interest in Cii Honeywell Bull of France and has fully-owned manufacturing activities in Germany, Scotland, the Netherlands and Spain.

Honeywell also said that the rise came despite the negative effect of high interest rates on the residential housing and computer markets in the U.S. and Europe.

For the half-year net profits totalled $121.6m against $99.8m on sales of $2.52bn compared with $2.31bn. Per share profits were up from $4.48 to $5.36—including an overall $1.24 exchange gain against a loss of 33 cents last time.

While the company does not expect to maintain the growth in earnings of the second quarter for the remainder of the year, it hopes to maintain 1981 earnings at last year's level of $281m, or $12.57 a share.

At the end of the half-year computer orders were down from the 1980 level although orders for its major control systems businesses had improved.

Continental Air share plans hits further snag

By Our Financial Staff

CONTINENTAL AIR LINES has run into a further snag in its plan to see off an unwelcome bid by Texas International Airlines by issuing shares to its employees.

The company will now have to receive shareholder approval for the plan, which will give employees a 51 per cent holding in the airline, as a result of a ruling by the California Commissioner of Corporations, Ms Geraldine Green. Continental said it was considering its alternatives.

Ms Green said the company would be permitted to go ahead with the stock issue, but only after approval from shareholders. However, Texas International will not be allowed to vote its 48.5 per cent holding in Continental against the move.

She said the current proposal by Continental was "unfair and misleading" to 30,000 small investors in the company and to the 11,000 employees. Information given to employees on the proposed plan was "totally inadequate." The biggest objection was that Continental's management "at any time and without cause and without prior notice to some employees" could terminate the plan, she said.

At that point any stock unallocated to employees "would revert to the company." Also, employees had not been told that their contributions to the stock ownership plan could be higher than planned if some employee groups refused to participate. The stock plan is to be financed from future pay increases foregone.

She said the state Department of Corporations was ready to waive rules to allow the Continental shareholder vote on the issue to take place as soon as possible. This could happen before the Civil Aeronautics Board ruling on the Texas International bid for Continental, expected in August, Ms Green said.

Continental, which ran up a $25.8m net loss in its first quarter after a $20.7m deficit for all of 1980, has been vigorously opposing the bid by Texas International.

It had earlier sought a merger with Western Air Lines, another troubled California-based carrier, but this merger has been indefinitely postponed because of the opposition of Texas International, which came on the scene after the Continental-Western merger was proposed.

Westinghouse profit edges up

BY OUR FINANCIAL STAFF

WESTINGHOUSE ELECTRIC, the Pittsburgh-based electrical and nuclear power equipment group, has reported net earnings of $111.8m or $1.31 a share for the second quarter of this year, up from $104m, or $1.22 a share in the comparable period of 1980. Turnover increased to $2.38bn

For the half-year, net profits totalled $230.3m or $2.69 a share against $204.6m or $2.40 a share, a year earlier on turnover increased to $4.56bn from $4.17bn. The half-year result includes a 17 cents a share gain made in the first quarter from the sale of European fuel fabrication operation.

Westinghouse said that an improvement in second quarter operating profits came primarily from its industrial products unit. Public systems—which include radar, avionics and communications and provide about a quarter of sales—had a small rise in operating profits while power systems' profits were down slightly. Its broadcasting unit's operating profits advanced over last year's second quarter.

Westinghouse, which is the second largest U.S. manufacturer of electrical equipment but is expanding its broadcasting interest, last year acquired Teleprompter, the largest contender in the expanding U.S. cable television market, in an agreed merger worth $646m. Mr Robert Kirby, the company's chairman said: "While operating profit margins equalled last year's second quarter on higher volume, they also represented an improvement over 1981's first quarter. I am also encouraged by the higher rate of incoming order patterns in the industrial products and public system companies."

Income fall continues at Allis-Chalmers

By Our Financial Staff

HIGHER INTEREST charges and currency losses have brought a further fall in earnings in the second quarter at Allis-Chalmers, the U.S. agricultural and industrial engineering group.

Mr David Scott, the chairman, said demand remains slack in several key markets and that competition is "particularly severe and costly."

However, the fall in profits slowed in the second quarter.

Earnings topped from $13.4m to $4.1m or 20 cents a share in the second quarter.

This brings first half earnings to $5.4m or 25 cents a share against $20.5m last time.

International Paper gain

BY OUR FINANCIAL STAFF

INTERNATIONAL PAPER, the world's largest paper producer, managed to edge profits forward in the second quarter but only with the help of the $55m sale of its credit company subsidiary to E. F. Hutton and a reduced level of income taxes.

The Board said that the wood products division (which contributed 19 per cent of profits last year) showed no signs of recovery, and several areas of the paper business were not as strong as they were a few months ago. Also, the strengthening of the dollar was causing some weakening in exports, which represented about a quarter of total sales in fiscal 1980.

Earnings for the second quarter improved from $77m to $84m, or $1.57 a share, with sales at $1.4bn against $1.3bn.

This took the first half net profit to $231.4m, or $4.42 a share, on sales of $2.7bn, compared with $2.5bn. But the board comments that the current first half includes a $65m, or $1.32 a share again from land sales, compared with a similar gain of $10.4m or 22 cents, last year.

The company said its wood products business remained severely depressed throughout the second quarter, and it was forced to close two facilities indefinitely.

Earnings from its pulp, paper and packing operations—more than 70 per cent of profits last year—were reduced as a result of a decision to complete extensive preventive maintenance work at a number of mills.

Terry Byland looks at Saxon Oil's fund-raising efforts

Seeking partners for exploration game

THE URGENT quest for energy reserves in the U.S. has brought more than a whiff of the old frontier days to the fund raising centres of the eastern seaboard. New companies, new names and sometimes new kinds of doing things have thrust themselves into the banking parlours of Manhattan and sometimes of London, Zurich and Frankfurt as well.

The financing of exploration and production has brought a heavy demand for new capital in an industry that had been to a surprising extent self-financing. But U.S. Federal and local tax policies, as well as the likely benefits for the owners of "new oil," have ensured U.S. investor interest.

European investment funds are also keenly aware of the growth prospects for the new, relatively small U.S. energy companies. In the UK, the decision by the Thatcher Government to lift exchange controls has helped to pull the pension funds and unit trusts into the field.

But the bringing together of the oilmen from Texas, Oklahoma, Colorado, Utah and points west and south with the fund managers from the world banking centres has raised some problems.

The companies involved are, almost by definition, small by Wall Street standards—and locally based. Venture capital in the south and west of the U.S. has often been raised privately, with investment decisions resting on personal knowledge of who has a nose for oil and who is willing to take a gamble.

Many companies are effectively run by one man, supported by local entrepreneurs who are also close to the action. While they may need external financing, they are less anxious to allow outside control. Even after a public flotation control often stays firmly in the same local hands.

One common form of financing among the smaller energy searchers has been to form partnerships with private or public corporations.

Techniques

The techniques involved were outlined for London fund managers last week by Mr Bill Saxon, chairman and founder of Saxon Oil, a Dallas-based oil and gas production and exploration company.

Saxon Oil carries out the bulk of its operations on a partnership basis. The company provides 20 per cent of the investment for a particular drilling project and takes 30 per cent of any revenues.

On this basis, Saxon's external drilling fund stands this year at $30m, with the company adding another $6m. The average partnership said Mr Saxon, begins to pay out within seven months and it pays in the form of a monthly cheque, making it an attractive investment for the smaller private investor.

Since its inception as a public company last year, Saxon has organised and managed 19 public and eight private partnerships. But such partnerships tend to be more attractive to private U.S. investors who benefit from certain tax privileges than to the European fund manager.

Public investment in Saxon Oil began last November when 1.5m shares or about 17 per cent of its equity was offered for sale. Thus, control of the company has remained firmly in the hands of Mr Saxon, although the shares are traded on the over the counter market in New York and the company has a current market capitalisation of about $420m.

Mr Saxon commented that when Goldman Sachs—"those hot shots from New York" as he described them—advised that 75 per cent of the stock to be issued should be made available on the eastern seaboard, "Now," he commented, with some evident satisfaction, "about 1.4m shares (out of the 1.5m publicly issued) are owned by Texans, people who know something about the oil business."

Is it fair to minority public shareholders for Mr Saxon to retain an 80 per cent stake? Mr Saxon replies that if things go wrong, it hurts him four times as much as anyone else.

All good entrepreneurial philosophy, no doubt, but it is not hard to envisage a situation in which a fund manager could find it hard to dispose of the shares in a hurry, should such a course seem advisable.

But the potential growth, for oil and gas stocks is also well illustrated by Saxon's history and outlook.

In fiscal 1980, its first year as a public company, Saxon earned $6m on revenues of $47m. Sales of oil and gas brought in revenues of $16.8m and sales of blended petroleum products—the company's other operating leg—totalled $29.3m.

However, last week brought confirmation of a significant new gas discovery in the Anadarko Basin, in Oklahoma, which has a revenue potential for the company of about $1.4m a month.

Exemption

Saxon has a 16.5 per cent interest in the Anadarko project, with Kerr McGee holding 21 per cent and the major stake of 34 per cent held by Kirby Exploration, the operator. The exploration group.

The three wells will eventually be 22,000 feet deep. This means that the gas produced will qualify as "deep gas" and be exempt from price controls, allowing a potential sale price which could bring revenues of as much as $30m over the field's projected life.

This combination of novel investment situations with the prospect of high growth rates offers intriguing opportunities for the fund manager. It is not possible to quantify the UK investment holding in the U.S. domestic energy industry, there is little doubt it is a significant percentage of the total investment in U.S. stocks. The problem, for the fund manager, is to pick the winner and avoid being trapped holding a loser.

CSR may bid for control of Delhi Oil

By Our Sydney Correspondent

CSR, the diversified mining and sugar group and Australia's fourth largest company, is considering a bid for control of Delhi International Oil Corporation of the U.S., one of the major partners in the Cooper Basin gasfields in South Australia.

The move, if it proceeds, could cost well in excess of A$450m (US$517m) and underlines CSR's aggressive thrust into energy. Mr Gordon Jackson, CSR's general manager, said that his company had made known its interest to Morgan Stanley and Co, the advisers to the Delhi board.

Mr Jackson said that CSR had carried out detailed studies but so far had not been able to decide whether to bid for Delhi on its own or with a partner.

No firm estimates have been put yet on the value of Delhi International. Its key asset is a substantial holding in the Cooper Basin and a major expansion programme is being carried out to tap liquid oil and gas reserves. The other major shareholder in the Cooper Basin venture is Santos.

CSR is the first Australian company to reveal publicly its interest in Delhi.

Delhi International is in the process of floating a local offshoot, Delhi Resources, to take over its Australian mineral interests. Delhi Resources plans to issue 31.96m shares to raise about A$16m. Delhi International is exupected to hold 28m shares or 46 per cent of the total issued capital.

Strong advance by Norconsult

By Our Financial Staff

NORCONSULT, the Norwegian firm of engineering consultants and one of the top five international firms in the field, increased net profit by 232 per cent last year to NKr 10.3m ($1.69m) from NKr 3.1m in 1979. Gross turnover reached NKr 439m in 1980, and net sales advanced to NKr 129.1m, compared to NKr 312.6m and NKr 92.2m respectively.

The higher turnover reflects the telecommunication activities in Saudi Arabia which are operated by A/S Teleplan, a partner firm in the Norconsult group.

The chief contributors to the profit advance were telecommunications, water engineering and petroleum activities. The main activities were in the Middle East, where turnover was NKr 327m, Africa (NKr 55m), Europe (NKr 40m) and the Far East (NKr 14m).

Norconsult will celebrate its 25th anniversary this year.

KLM expects no growth in earnings this year

BY MICHAEL VAN OS IN AMSTERDAM

KLM, the Dutch airline, does not expect profits to increase in the current year, despite some improvements in the aviation industry, according to Mr Sergio Orlandini, the company's president. In the year to March 31 net profits fell by 27 per cent to Fl 11.1m ($4.1m) and the dividend was omitted for the second consecutive year.

Though the company did not express great optimism on the expected development of profits as a result of the uncertainties besetting world aviation, it singled out three signs of improvement at its press conference yesterday.

Mr Emile Beekman, KLM's finance manager, said profit growth at the airline had been up 15 per cent in April and May, which was clearly above expectation, that fuel prices had stabilised. He also pointed out that the International Air Transport Association had decided to raise fares by 5 per cent. A major negative impact was the continuing rise in the value of the dollar, however, which would strongly affect this year's earnings, he said.

On the dollar's appreciation, the company said in its annual report for 1980-81 that a credit of Fl 30m had arisen, partly as a result of the revaluation of current assets and current liabilities. This amount had been credited to earnings and had been applied against the other expenses, thereby limiting the increase in these items.

However, exchange losses were incurred on balance on the long-term debts and long-term receivables noted in foreign currencies. They exceeded the remaining favourable exchange rate differences entered at March 31, 1981 by Fl 11m.

It noted that about 35 per cent of operating revenues and about 45 per cent of the operating expenses were influenced by the dollar exchange rate.

KLM forecasts a 5 per cent rise in ton-mile capacity and traffic for the current year, primarily because of the new services to Atlanta, Georgia, and the replacement of the DC-10 by a Boeing 747 on the Polar route. Another 747 will be added to the fleet in October.

The number of employees is expected to fall further from the current level of 18,750 as a result of its continuing programme of improving productivity.

Cartel Office blocks IBH bid

BY JONATHAN CARR IN BONN

IBH HOLDING, the biggest West European building machinery group, has been told by the West German Cartel Office that it cannot proceed with its bid to take-over Wibau Maschinenfabrik of Gelnhausen.

The Cartel Office noted that Wibau already accounted for 40 per cent of the asphalt-processing machinery produced in West Germany, making it much the biggest single company in this sector.

It added that a take-over by IBM would simply strengthen Wibau's position against its competitors, which, without exception, were small and medium-sized enterprises.

IBH opposed this view on the grounds that much of Wibau's production goes abroad—so that a take-over would have little impact on Wibau's position in the German domestic market.

Shortly before the setback, IBH had announced that it was planning a period of consolidation after the rapid expansion since its foundation by Herr Horst Dieter Esch in 1975.

Herr Esch said that IBH would be receiving a cash injection of DM 60m ($24.79m)—half of it from General Motors of the U.S., which is now the biggest single shareholder—to raise nominal capital and boost reserves. Group world sales last year totalled DM 2.5bn ($1.03bn).

Kaiser hit by fall in demand for aluminium

By Our Financial Staff

KAISER ALUMINUM and Chemical Corporation, the third largest of the integrated U.S. aluminium groups, has reported a downturn in second quarter net profits as a result of poor demand for the metal. The decline would have been worse but for currency gains.

The company said the drop in profits from $82.2m in 1980 to $68.5m was caused by a fall in profitability at its aluminium operations. Total sales were down from $1.03bn to $921.8m, with volume sales off by 5.3 per cent to 251,800 tons. Half-year volume sales were down by 7.4 per cent to 501,000 tons.

Demand for aluminium outside the U.S., which was important to last year's performance, was down in the quarter, while U.S. demand for the metal continued to be "lacklustre." Price increases had failed to keep pace with labour and energy cost rises, Kaiser said.

Net profits for the six months were down from $155.7m to $136.6m on sales lower at $1.78bn against $1.88bn, reflecting declines in both quarters so far.

Diluted profits per share came to $3.08 for the half year against $3.54 last time, including a 32 cents a share gain from currency translations compared with a 6 cent loss last time. The second quarter contributed $1.54 compared with $1.87, with a 20 cent quarterly currency gain against a 14 cent loss previously.

On its other operations, Kaiser said there was a return to profitability from break-even on its refractory activities and roughly unchanged returns from international trading.

The real estate interests declined slightly and while its agricultural chemicals business achieved a higher profit.

Management changes at WUB

BY OUR FINANCIAL STAFF

WESTLAND-UTRECHT, the troubled Dutch mortgage lending bank, has confirmed that management resonsibility to deal with its mounting difficulties in the property sector now rests with the chairman of the executive Board, Mr K. A. Verhey, rather than with his colleague, Mr A. G. F. Boersma.

The bank said that the change in responsibility had been put into effect early last month, when Westland-Utrecht also announced plans to reduce its staff by between 200 and 250 as part of a sweeping cost-cutting exercise. Subsequent opposition to these plans by the bank staffs' trade union forced the management to withdraw them.

Yesterday the bank also said that Mr Boersma had been given charge of WUB's foreign activities. These include mortgage lending and property development interests in Belgium, France and West Germany as well as a financing subsidiary in Switzerland.

Earlier this month, the Netherlands central bank put together a consortium of financial institution to restor order to the mortgage bond market by taking up WUB paper. Rumours about the bank's financial position had seriously depressed the prices of its mortgage bonds on the secondary market, thereby making it harder for WUB to raise the funds with which to finance its mortgage lending activities.

The bank's problems have arisen both from its heavy involvement in mortgage lending at a time when the property market in the Netherlands has been severely depressed, and from its property development activities on its own account. At the end of May, WUB held a stock of unsold houses and flats valued at around Fl 250m ($91m).

PHB Weserhuette doubles new orders

BY OUR BONN CORRESPONDENT

PHB WESERHUETTE, a leading West German manufacturer of opencast mining and materials-handling equipment, has virtually doubled its orders intake in the first half of this year.

The principal reasons are the rising worldwide demand for raw materials, including coal, combined with the decline of the D-Mark against the dollar which has helped to increase the price competitiveness of the German products.

Herr Peter Jungen, executive board chairman, told the annual meeting that group orders in hand at the end of June totalled about DM 1.3bn. More than half were booked by the parent company in West Germany, where work was now guaranteed beyond the turn of the year.

The group was formed through a merger last year between Pohlig-Heckel-Bleichert and Weserhuette. Overall group sales in 1980 were up by 20 per cent to DM 818m—and this year are expected to near DM 1bn.

The major shareholders of the company, Otto Wolff of Cologne and Arbed of Luxembourg, are agreed that accumulated profit of DM 2.3m should be added to reserves.

Nordic and Spanish banks in cash dispenser project

BY WILLIAM HALL, BANKING CORRESPONDENT

A GROUP of Nordic savings banks and Spanish banks are to participate in a pilot scheme, under the Visa umbrella, to develop an international network of cash dispensers and automated teller machines.

The move is evidence of the growing sophistication of international personal payments systems. Traditionally, travellers going abroad have had to go equipped with credit cards, travellers cheques and local currency.

Under the new pilot project, Scandinavian tourists visiting Spanish resorts, for example, will be able to use their Visa cards to obtain cash from Spanish banks' Visa cash dispensers.

The scheme, which was approved at Visa's quarterly Board meeting in London last week, is being developed in conjunction with similar projects in other Visa regions and is the forerunner of a worldwide network of shared Visa cash dispensers and automated teller machines.

Visa says that it has already solved many of the security and data interchange problems, associated with shared cash dispenser systems. However, it still has to solve procedure problems of differences in language, personal identification numbers and lack of standardisation among machines already in use.

● Sparbankernas Bank, the central bank of the Swedish savings banks, which have assets of $19bn and 1,500 branches, has joined the Visa organisation. More than 50 per cent of Sweden's retail deposits are now controlled by Visa member banks.

Allahabad Bank leads in Indian deposits race

BY P. C. MAHANTI IN CALCUTTA

ALLAHABAD BANK, one of India's leading nationalised banks, increased its deposits by 18 per cent in 1980, to Rs8.67bn (about $1bn).

This compares with an average gain of 14.9 per cent for all commercial banks in the country. Mr A. Ghosh, the chairman, attributes the sharpness of the increase to the high rate of savings in the country, apart from the bank's own intensive efforts to gain deposits, to finance its increasing operations.

The bank increased per income by 4.2 per cent on the year to Rs 15m ($1.7m), on revenue up 29.2 per cent to Rs 758m.

As the thrust of the bank's deposit gathering drive was partly directed towards rural areas, where th savings rate is in line with the national trend; the bank opened 63 rural branches in the year, out of a total of 82 new branches. This brought the total of branches to 958.

Of the total, 49 per cent are in rural areas, to show the highest percentage for any commercial bank in the country. An appreciable part of the nearly Rs 5bn credits in the year was with agriculture, including coffee and sugar cane plantations.

A considerable portion of the bank's credits went towards export financing. The Allahabad Bank finances the exports of all the staple items, such as jute, tea, engineering, and tobacco. The bank's foreign exchange business linked to export financing increased to a record Rs 2.53bn.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid East	12 %
■ Brown Shipley	12½%
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
Robert Fraser	12 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Knowsley & Co. Ltd.	14 %
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼% and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual Interest gross interest	pay-able	Minimum sum	Life of bond
	%		£	Year
Burnley (0282 25011)	13¾	½-year	500	2
Knowsley (051-548 6555)	13¼	½-year	1,000	5-7
Sefton MBC (051-922 4040)	13½	½-year	2,000	2-5

Companies and Markets INTL. COMPANIES & FINANCE

H. C. Sleigh buys IXL stake in Petersville

By Our Sydney Correspondent

HENRY JONES (IXL), the diversified Melbourne foods group, has sold its stake in Petersville, the foods company, to H. C. Sleigh, the energy finance and shipping group, so ensuring the success of the Sleigh-Petersville marriage. A parcel of 6.56m shares and 2.21m convertible notes was sold to Sleigh at A$2.75 a unit, lifting Sleigh's stake in Petersville to 42.68 per cent.

Petersville accepted a bid from Sleigh last month, valuing the company at A$160m (US$183m), after rejecting an A$128m offer.

H. C. Sleigh was forced to increase its bid offer for Petersville because Henry Jones was bidding a few cents over the first cash offer. But Mr Peter Sleigh, chief executive, denied Sleigh-Petersville had lost its competitive edge due to the financial strain placed on Sleigh's resources in acquiring Petersville.

He maintained that Sleigh had paid a reasonable price for Petersville and that the group would be able to compete with Henry Jones at all levels.

The Henry Jones buying spree in Petersville forced Sleigh to lift its offer for Petersville to A$2.75 cash, or alternatively, five Sleigh shares plus A$4.80 cash for every four Petersville shares.

With no prospect of a third higher bid in sight Henry Jones opted to sell its stake, reaping a cash profit of between A$2m and A$3m on its holding.

Toyota share issue priced to raise record Y99bn

BY RICHARD C. HANSON IN TOKYO

THE SHARE issue for Toyota Motor Company, Japan's largest car maker, was priced yesterday at a level aimed at raising Y99.05bn ($433.5m), making it the largest corporate equity issue seen in Japan.

Underwriters priced the 70m shares to be issued at Y1,415 each, which compares with yesterday's closing price of Y1,456, which was down Y40. The previous record for a corporate share issue was set by Matsushita Electric Industrial, the consumer electrical group, which raised Y50.1bn through an issue of 60m shares last year.

Toyota had previously been expected to raise around Y90bn through the issue, the pricing of which comes a day after the anouncement by Toshiba, an electronics and electrical group, that it plans to raise about Y80bn through an issue of 100m shares in September.

The Toyota shares have a par value of Y50 and the issue will take nominal capital to Y91.5bn. Nomura, Nikko and Daiwa are the securities houses leading the underwriting group.

Toyota intends using the capital raised to finance record spending of Y280bn for plant and equipment this year.

Pricing of the Toyota shares came at a time when they have been trading at near record levels. On July 2 the stock hit an all-time high of Y1,490, or about double its value only five months ago.

During the two weeks before pricing-day when an average price was taken for the issue reports of a substantial drop in Toyota's production this month appeared, which sent the stock price down slightly.

However, most analysts say that any downturn in production in July compared with 1980 is more a reflection of the exceptionally high levels reached in 1980. At the same time Toyota is gearing up for the release next month of several modified models.

Altech, Powertech rights offers

BY JIM JONES IN JOHANNESBURG

A RIGHTS issue to raise R12.4m ($16.4m) is announced by Allied Technologies (Altech), the South African electronics group. Part of the proceeds will be used to take up Altech's share of a simultaneous rights offer, to raise R6.55m by its 75 per cent-owned subsidiary, Power Technologies (Powertech).

The Powertech issue, which will be underwritten by Altech, is being made mainly to provide funds for the cash element of its purchase of Willard Africa, the battery manufacturer.

Altech is to offer 871,258 ordinary shares to its existing shareholders on the basis of one new share for every 10 currently held at a price of R14.25 each. Powertech is offering its shareholders 10.9m shares of no par value at a price of 60 cents each on the basis of one new share for every two held.

In addition to financing its allotment of Powertech shares, proceeds of Altech's issue will be used for expansion, particularly at Teltech, the telephone exchange switching equipment manufacturer, which is equally-owned by the French CGE electronics group.

Teltech has a 15-year agreement with the South African Post Office to supply about one-third of the country's digital electronic telephone exchange requirements.

A further R5m of Powertech's consideration for the purchase of Willard Africa lies in the issue of Powertech shares to Willard's American parent, ESB International, which is an off-shoot of International Nickel of Canada.

The R2m remaining from Powertech's rights issue proceeds will be used for internal expansion.

Jordan Islamic Bank off to a strong start

BY RAMI G. KHOURI IN AMMAN

THE ISLAMIC BANKING movement, that has spread rapidly throughout the Moslem world, has shown its strength in Jordan. The Jordan Islamic Bank, after its first full year of operation, is paying an 8 per cent return on cash deposits.

Jordan Islamic Bank opened its doors in September, 1979. By the end of 1980, after 15 months of business, its deposits had risen to over JD12m ($40m).

Although the total is small compared with the oil billions character of the Middle East, it is precisely the figure set as the target for deposits before the bank opened, notes Dr Sami Homoud, the bank's general manager during its first year, now a member of the board.

Most deposits, he says have come from small and medium-sized investors whose aversion to interest payments, as stipulated in the Koran, has kept them out of the commercial banking market.

Some 60 per cent of all deposits are in the bank's investment accounts by means of which depositors share in the profit or loss made at the end of the year, after the bank has put the deposits of the investment accounts to use, to finance trade, commercial transactions or longer term agricultural, industrial or real estate projects.

The investment accounts registered an overall profit of 8.2 per cent. Depositors shared in the profit according to the liquidity of their deposits. One-year deposits reaped 7.4 per cent, three-months' notice accounts paid 5.8 per cent, and seven-days' notice savings accounts paid 4.1 per cent.

The Islamic Bank's profit-sharing operating method in its first year in Jordan has, thus, been able to compete with the interest payments of the commercial banks, where the top interest paid on one-year dinar accounts is between 7 per cent and 7.5 per cent.

By the end of 1980, the bank's balance sheet total was JD 18.5m ($61m). Its net profit last year was no more than JD 14,000 ($46,000), held back by the bank's start-up costs.

Because of the predominance of the trading sector in Jordan's economy, over half the Islamic Bank's business last year was in financing trade deals, mainly imports. This year, the bank will move into "specified accounts," with investors depositing cash in an account used only for one project, and with end-of-year profit and loss accounts for these deposits calculated only on the performance of that project.

CURRENCIES, MONEY and GOLD

Pound depressed

Sterling showed a further decline in the foreign exchange market yesterday, but trading was quiet, with any major selling orders coming from the U.S. and Far East centres before London opened. The pound opened very weak at around the $1.86 level as a continued reaction to the wave of unrest in Britain's major cities. This has tended to underline the lack of confidence in the British economy, which had already led to a marked weakness of the pound recently. The Bank of England may have intervened to smooth the market at around $1.8550 during the morning, but any support would have been on a relatively minor scale.

The dollar was firm, and remained in demand when New York and Chicago began trading in the afternoon, but closed below its highest levels, following intervention by the Federal Reserve to add funds to the banking system.

European currencies lost ground to the dollar.

DOLLAR — trade-weighted index (Bank of England) rose to 111.0 from 110.1. The U.S. currency improved to DM 2.4470 from DM 2.4225 against the D-mark, to SwFr 2.0920 from SwFr 2.0710 in terms of the Swiss franc, and to Y231 from Y228.35 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) fell to 92.0 from 92.9, after opening at 91.9, and falling to 91.7 at noon. The pound opened at $1.8600-1.8610, and touched a low point of $1.8540-1.8550 in the morning. It recovered slightly to $1.8680-$1.8690 in the afternoon as the dollar eased, and closed at $1.8620-1.8630, a fall of 1.95 cents on the day, and the lowest closing level for three years.

D-MARK—Strongest member of European Monetary System but still weak against the dollar as U.S. interest rates remain high. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports may assist a recovery as long as U.S. rates do not show a further rise—The D-mark was generally weaker at the Frankfurt fixing, but gained ground against the depressed pound. The downward trend in the U.S. Federal funds overnight rate may have prevented any further rise by the dollar in the afternoon, which stood at DM 2.4475 in late trading compared with DM 2.4478 at the fixing, a rise of over 2 pfennigs from Monday's fix of DM 2.4250. The early rise reflected firm Eurodollar interest rates and nervousness about Poland at the opening of the extraordinary Communist Party congress in Warsaw. Sterling fell sharply to DM 4.5530 from DM 4.6040 at the fixing, and was little changed from the fixing level in the late afternoon.

ITALIAN LIRE—One of the stronger members of the EMS since its devaluation earlier this year. The lira has suffered in line with other currencies against the dollar, falling to a record low against the U.S. unit—The lira showed little reaction to news of a further widening of Italy's trade deficit in May, recording mixed changes at the Milan fixing. The dollar rose to L1,220.30 from L1,208.55, and was around L1,220 in the late afternoon, but the D-mark and Swiss franc eased slightly. Italy's trade deficit in May was a record L2.872 trillion (million million), compared with L2.1 trillion in April and L1.49 trillion in May last year. In the first five months of 1981 the deficit widened to L10.116 trillion from L6.782 trillion. The D-mark fell to L498.25 from L498.38 at the fixing and the Swiss franc to L583.52 from L585.59. On the other hand the French franc rose to L209.93 from L209.31.

THE POUND SPOT AND FORWARD

July 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8540-1.8690	1.8620-1.8630	0.95-1.05c dis	−6.44	2.30-2.40dis	−5.05
Canada	2.2330-2.2500	2.2440-2.2450	1.20-1.30c dis	−6.68	3.15-3.30dis	−5.75
Nethlnd.	5.05-5.09	5.07½-5.08½	⅝-⅛c pm	0.88	2-1 pm	1.18
Belgium	74.20-75.00	74.70-74.80	39-49c dis	−7.06	93-103 dis	−5.24
Denmark	14.23-14.31	14.28-14.29	6⅞-8ore dis	−6.25	15¾-17¾ dis	−4.64
Ireland	1.2435-1.2500	1.2490-1.2505	0.19-0.31p dis	−2.40	0.66-0.87dis	−2.48
W. Ger.	4.53½-4.57½	4.55½-4.56½	½pf pm-par	0.66	1¼-¾ pm	0.88
Portugal	119.40-121.20	120.65-120.85	60-115c dis	−8.69	145-295 dis	−7.29
Spain	181.30-182.40	181.90-182.10	90-120c dis	−6.92	250-300 dis	−6.04
Italy	2262-2274	2270-2271	27½-29½lire dis	−15.06	79-82 dis	−14.18
Norway	11.33-11.43	11.39-11.40	¾ore pm-½ dis	0.13	3-1¾ pm	0.83
France	10.79-10.84	10.80½-10.81½	9½-10½c dis	−11.10	24¾-25¾ dis	−9.16
Sweden	9.62-9.68	9.66-9.67	1¾-2⅞ore dis	−2.71	3⅞-4⅞ dis	−1.81
Japan	427-433	430-431	2.60-2.20y pm	6.69	7.05-6.60 pm	6.34
Austria	32.00-32.20	32.10-32.15	3gro pm-2 dis	0.19	8 pm-2 dis	0.37
Switz.	3.87½-3.91½	3.89-3.90	1½-¾c pm	3.08	3½-2½ pm	3.08

Belgian rate is for convertible francs. Financial franc 78.20-78.30

Six-month forward dollar 3.78-3.88c dis. 12-month 5.20-5.40c dis.

THE DOLLAR SPOT AND FORWARD

July 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8540-1.8690	1.8620-1.8630	0.95-1.05c dis	−6.44	2.30-2.40dis	−5.05
Ireland†	1.4860-1.4940	1.4900-1.4920	0.45-0.55c dis	−4.02	0.85-1.00dis	−2.48
Canada	1.2047-1.2060	1.2050-1.2053	0.05-0.08c dis	−0.65	0.23-0.26dis	−0.81
Nethlnd.	2.7220-2.7280	1.7230-2.7250	1.73-1.63c pm	7.40	4.30-4.20 pm	6.24
Belgium	40.06-40.15	40.12-40.14	3c pm-2 dis	0.15	3 pm-2 dis	0.05
Denmark	7.6625-7.6850	7.6725-7.6775	par-½ore dis	−0.19	par-½ dis	−0.13
W. Ger.	2.4440-2.4530	2.4465-1.4475	1.47-1.41pf pm	7.06	3.61-3.55 pm	5.85
Portugal	64.75-65.00	64.80-65.00	par-25c dis	−2.32	par-75 dis	−2.31
Spain	97.65-97.90	97.65-97.70	5c pm-5 dis	—	15-30 dis	−0.92
Italy	1217-1221	1217-1219	10-12lire dis	−10.83	30-33 dis	−10.34
Norway	6.1090-6.1200	6.1150-6.1200	3.55-3.05ore pm	6.47	9.10-8.80 pm	5.79
France	5.8000-5.8300	5.8015-5.8065	2-3c dis	−5.16	5½-7 dis	−4.30
Sweden	5.1815-5.1910	5.1860-5.1910	1.65-1.50ore pm	3.64	4.25-4.10 pm	3.22
Japan	230.50-231.50	230.95-231.05	2.50-2.35y pm	12.60	6.40-6.25 pm	10.95
Austria	17.20-17.27½	17.23½-17.24½	10.40-8.90gro pm	6.72	26¼-21¼ pm	5.39
Switz.	2.0880-2.0970	2.0915-2.0925	1.85-1.75c pm	10.32	4.41-4.31 pm	8.34

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 14	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.0	−32.0
U.S. dollar	111.0	+3.7
Canadian dollar	88.3	−16.1
Austrian schilling	110.9	+21.6
Belgian franc	104.5	+8.6
Danish kroner	85.5	−11.5
Deutsche mark	115.9	+37.6
Swiss franc	136.5	+84.5
Guilder	107.5	+14.3
French franc	82.4	−11.4
Lira	57.2	−55.9
Yen	140.7	+34.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.601449	0.548769
U.S. $	14	1.14155	1.04129
Canadian $	19.09	1.37328	1.25215
Austria Sch.	6¾	19.4828	17.7514
Belgian F.	13	45.3110	41.2845
Danish K.	11	8.66893	7.90598
D mark	7½	2.76626	2.52096
Guilder	9	3.08047	2.80627
French Fr.	9½	Unavail.	6.01344
Lira	19	1379.56	1258.14
Yen	6¼	260.273	237.258
Norwgn. Kr.	9	6.91779	6.32479
Spanish Pts.	8	110.319	99.4228
Swedish Kr.	12	5.86585	5.34962
Swiss Fr.	5	2.35844	2.14849
Greek Dr'ch.	20½	Unavail.	61.5974

OTHER CURRENCIES

July 14	£	$		£ Note Rates
Argentina Peso	8635-8655†	4643-4653†	Austria	32.90-33.30
Australia Dollar	1.6275-1.6295	0.8745-0.8750	Belgium	77.50-78.30
Brazil Cruzeiro	172.42-173.42	92.74-93.20	Denmark	14.22-14.37
Finland Markka	8.45-8.47	4.5355-4.5365	France	10.74-10.84
Greek Drachma	109.212-112.586	59.75-59.85	Germany	4.54½-4.58½
Hong Kong Dollar	10.59-10.61	5.6975-5.7025	Italy	2225-2275
Iran Rial	155.25*	80.5*	Japan	429-435
Kuwait Dinar(KD)	0.526-0.531	0.2837-0.2840	Netherlands	5.04½-5.07½
Luxembourg Frc.	74.70-74.80	40.12-40.14	Norway	11.30-11.42
Malaysia Dollar	4.3610-4.3710	2.3460-2.3480	Portugal	117-121
New Zealand Dlr	2.1175-2.1195	1.1925-1.1935	Spain	176-183½
Saudi Arab. Riyal	6.29-6.35	3.4112-3.4120	Sweden	9.58-9.68
Singapore Dollar	4.0150-4.0250	2.1600-2.1620	Switzerland	3.88½-3.92½
Sth African Rand	1.7090-1.7110	0.9175-0.9185	United States	1.86-1.87½
U.A.E. Dirham	6.78-6.84	3.6715-3.6745	Yugoslavia	69-74

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,289-11,309 and for the dollar 6,050-6,100. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.2985	+1.23	+1.36	±1.5361
Danish Krone	7.91917	7.89853	−0.26	−0.13	±1.6413
German D-Mark	2.54502	2.52000	−0.98	−0.85	±1.1386
French Franc	5.99526	5.98049	−0.25	−0.12	±1.3638
Dutch Guilder	2.81318	2.80451	−0.31	−0.18	±1.5159
Irish Punt	0.685145	0.691526	+0.93	+1.06	±1.6688
Italian Lira	1262.92	1256.63	−0.58	−0.58	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.863	4.560	430.5	10.81	3.895	5.080	2271.	2.245	74.75
U.S. Dollar	0.537	1.	2.448	231.1	5.804	2.091	2.728	1219.	1.205	40.13
Deutschemark	0.219	0.408	1.	94.41	2.371	0.854	1.114	497.9	0.492	16.39
Japanese Yen 1,000	2.323	4.326	10.59	1000.	25.11	9.048	11.80	5274.	5.214	174.6
French Franc 10	0.925	1.723	4.218	398.2	10.	3.603	4.699	2100.	2.076	69.15
Swiss Franc	0.257	0.478	1.171	110.5	2.775	1.	1.304	582.9	0.576	19.19
Dutch Guilder	0.197	0.367	0.898	84.74	2.128	0.767	1	446.9	0.442	14.71
Italian Lira 1,000	0.440	0.820	2.008	189.6	4.761	1.715	2.237	1000.	0.989	32.92
Canadian Dollar	0.446	0.830	2.032	191.8	4.816	1.735	2.263	1012.	1.	33.30
Belgian Franc 100	1.338	2.492	6.100	575.9	14.46	5.211	6.796	3037.	3.003	100

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 14)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/16	offer 18 7/16	bid 17 15/16	offer 17 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¼-12½	18½-18¾	18-19	11½-11⅝	1-1½	11¾-11⅞	21-24	18½-22½	17-19	5¾-6¼
7 days' notice	12¼-12½	18½-18¾	18-19	11¾-11⅞	2¾-3¼	11 7/8-11 [illegible]	21-24	25½-28½	17-19	6-6¼
Month	12 11/16-12 13/16	18⅜-18⅝	19¼-19⅝	11⅞-11⅞	8 15/16-9 1/16	12⅛-12¼	21½-23½	27-29	18½-19½	6 1/16-6 3/16
Three months	13 1/16-13 3/16	18¼-18½	19¼-19⅝	11 15/16-12 1/16	9 1/16-9 3/16	12 5/16-12 7/16	21½-23	27¾-28¾	18¼-19¼	7 1/16-7 3/16
Six months	13¼-13½	17 13/16-17 15/16	18⅝-19	12 1/16-12 3/16	9 15/16-10 1/16	12 7/16-12 9/16	21-21½	27-28	17¾-18¾	7⅝-7⅞
One Year	13⅞-14	16⅝-16⅞	17⅝-18	11⅞-12	9⅛-9¼	12 7/16-12 9/16	19-20	25¾-26¾	16¾-17¾	8-8¼

SDR linked deposits: one-month 15 11/16-16 1/16 per cent; three-months 15 9/16-15 13/16 per cent; six-months 15 5/16-15 11/16 per cent; one-year 14 7/16-14 13/16 per cent.

ECU linked deposits: one-month 16 3/16-16 7/16 per cent; three-months 16 3/16-16 7/16 per cent; six-months 15 15/16-16 3/16 per cent; one-year 15 5/16-15 11/16 per cent.

Asian $ (closing rates in Singapore): one-month 18 11/16-18 13/16 per cent; three-months 18 7/16-18 9/16 per cent; six-months 17 11/16-17 13/16 per cent; one-year 16 11/16-16 13/16 per cent. Long-term Eurodollar two-years 16⅜-16⅝ per cent; three-years 15⅞-16⅛ per cent; four-years 15¾-16 per cent; five-years 15⅝-15⅞ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.30-18.40 per cent; three-months 17.70-17.80 per cent; six-months 17.30-17.40 per cent; one-year 16.40-16.50 per cent.

MONEY MARKETS

Small assistance

Day to day funds were given as being in moderately short supply in the Bank of England's early forecast yesterday. The authorities arranged a repurchase agreement at lunchtime involving a small number of bills between 12 per cent and 12⅛ per cent which the market will buy back on July 24. Factors affecting the market included a small excess of Government disbursements over revenue transfers to the Exchequer outweighed by the unwinding of a previous sale and repurchase agreement on a moderate number of bills.

The Bank's early assistance was supplemented later in the day with a further repurchase agreement under the same terms as in the morning with total help termed as small.

In the interbank market overnight loans opened at 12-12½ per cent and eased before the forecast to 11¾-12 per cent before coming back to 12-12½ per cent. Rates eased back to 11¾-12 per cent but finished at 15-16 per cent. The rather tight finish may have reflected in part demand for funds by banks ahead of today's banking make up day. Period rates remained tight with three-month interbank money rising to 13⅜-13½ per cent from 13¼-13 5/16 per cent on Monday, while three-month sterling CDs were higher at 13⅜-13½ per cent compared with 13 5/16-13 7/16 per cent.

In New York the Federal authorities entered the market to inject further funds into the system by arranging two-day repurchase agreements. At the time of the intervention Federal funds were trading at 17¾ per cent, showing a continued easier trend.

Interest rates showed little movement in European centres yesterday with Paris closed for a national holiday.

In Frankfurt the special Lombard facility is to remain at 12 per cent for transactions today while call money in the interbank market was quoted yesterday at 12 per cent unchanged from Monday. One-month money eased slightly to 12.75 per cent from 12.80 per cent but the six-month rate was higher at 13.10 per cent compared with 13.0 per cent. Meanwhile the West German Finance Ministry announced that during June it had approved the issue of nearly DM 19bn of fixed interest paper compared with DM 16.9bn in May.

GOLD

Weaker trend

Gold fell $13 to $400-402 in the London bullion market yesterday reflecting downward pressure overnight in New York and Chicago, and further selling yesterday afternoon on the opening of U.S. markets. The strength of the dollar remains the major factor behind the metal's weakness. Gold opened at $402-404 and traded within a narrow range of $400½ to $405½. It was fixed at $403.25 in the morning and $402.25 in the afternoon.

In Paris the bullion market was closed for Bastille Day.

In Frankfurt the 12½ kilo gold bar was fixed at DM 31,830 per kilo ($404.02 per ounce), compared with DM 32,605 ($418.98) previously, and colsed at $400-$402, against $412-414.

In Luxembourg the 12½ kilo bar was fixed at LFr 546,500 per kilo ($403.25 per ounce), against LFr 560,000 ($418).

In Zurich gold finished at $401-$404, compared with $412-415.

	July 14		July 13	
Gold Bullion (fine ounce)				
Close	$400-402	(£215-216)	$413-415	(£216½-219½)
Opening	$402-404	(£216-217)	$418-419½	(£219¼-220¼)
Morning fixing	$403.25	(£217.151)	$417.75	(£219.868)
Afternoon fixing	$402.25	(£215.558)	$413	(£217.827)
Gold Coins				
Krugerrand	$414-415	(£222½-223)	$426-427	(£226½-227)
1/2 Krugerrand	$213-214	(£114½-115)	$219-220	(£116½-117)
1/4 Krugerrand	$108½-109½	(£58¼-58¾)	$111-112	(£59-59½)
1/10 Krugerrand	$44¼-45¼	(£23¾-24¼)	$45-47	(£24½-25)
Mapleleaf	$403-406	(£216½-218¼)	$416-417	(£221-221½)
New Sovereigns	$100½-101	(£53¾-54¼)	$103½-104½	(£55-55½)
King Sovereigns	$112-114	(£59½-60½)	$113-115	(£59½-60½)
Victoria Sovs	$112-114	(£59½-60½)	$113-115	(£59½-60½)
French 20s	$106-111	(£57-59½)	$109-114	(£58-60½)
50 pesos Mexico	$498-503	(£267½-270¼)	$513-518	(£272½-275¼)
100 Cor. Austria	$388-392	(£208½-210½)	$399-404	(£212-214¾)
$20 Eagles	$536-541	(£288-290¾)	$541-544	(£287½-289)

MONEY RATES

NEW YORK

Prime Rate	20½
Fed. Funds	17¾
Treasury Bills (13-week)	14.89
Treasury Bills (26-week)	14.59

GERMANY

Special Lombard	12.0
Overnight Rate	12.0
One month	12.75
Three months	12.875
Six months	13.10

FRANCE

Intervention rate	18.25
Overnight rate	18.75
One month	18.25
Three months	17.125
Six months	16.75

JAPAN

Discount rate	6.25
Call (unconditional)	7.375
Bill discount (three-month)	7.46875

LONDON MONEY RATES

July 14 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	11¾-16	12-12¼	—	—	12½	11½-12	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12½	12⅝-12¾	—	12¾	12¾	11¾-12	—	—	—
One month	12⅞-12 15/16	12¾-12⅞	12⅞	13¾-13⅝	13	12⅞-13¼	12	12½-12⅝	12⅝-12 11/16	13¼
Two months	13¼-13 5/16	13 [illegible]-13 [illegible]	—	13¾-13⅝	13 [illegible]	13 [illegible]	12¼-12⅜	12¾	12 9/16-12⅞	13½
Three months	13⅜-13¼	13⅜-13½	13⅜	13¼-13⅜	13¾	13½-13⅞	12½	12⅞	12¾-12⅞	13½
Six months	13 [illegible]-13 [illegible]	13½-13¾	13⅝	13⅝-13¼	13⅝	14	—	—	—	13½
Nine months	13 [illegible]-13 [illegible]	13 [illegible]-13 [illegible]	—	14-13⅞	14	14⅛	—	—	—	—
One year	13¾-13⅝	13 [illegible]-13 [illegible]	13⅞	14-13⅝	14	14¼	—	—	—	—
Two years	—	—	14¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14½ per cent; four-years 14½ per cent; five-years 14½ per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 13/16 per cent; four-months trade bills 13½ per cent.

Approximate selling rate for one-month Treasury bills 12⅛-12¼ per cent; two-months 12⅜-12½ per cent; three-months 12⅜-12½ per cent. Approximate selling rate for one-month bank bills 12½ per cent; two-months 12⅝-12 11/16 per cent; three-months 12⅝-12 11/16 per cent; one-month trade bills 13 per cent; two-months 13⅛ per cent and three-months 13¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.7365 per cent.

WORLD STOCK MARKETS

Early Wall St weaker still

A FURTHER weakening of prices from Monday's low levels was under way in moderate early trading on Wall Street yesterday, although a mid session rally lifted leading stocks above their morning lows.

The Dow Jones Industrial Average was 0.56 lower at 945.78 by 1 pm and declines led advances by nearly two to one on volume of 33.06m shares. The NYSE All Common Index was off 37 cents at $74.91.

The key Federal Funds Rate eased to 17¾ per cent after trading above 18 per cent in recent days, but analysts said there was still uncertainty about when and how far interest rates may decline.

Takeover candidates again provided the market's main feature. **Conoco**, leading the actives, was up $1¾ at $86⅛ prior to a trading halt. **Du Pont** was said to be planning an improved bid for Conoco and expanding a $3bn credit to as much as $6bn.

Union Oil of California, also active, gained $⅞ to $39⅜ by noon, while **Marathon Oil** climbed $2½ to $72½. Both are considered possible takeover candidates. **Pittston** rose $1⅛ to $33⅞ in active trading.

Another active, **Amerada Hess**, which said it expects to report a loss for the second quarter, slipped $2 to $30¼.

THE AMERICAN SE Market Value Index was 0.03 firmer by 1 pm, at 363.47.

Canada

Markets moved hestitantly ahead in early trading, with the Toronto Composite Index 3.0 up at 2,347.3 by noon and the Montreal Combined Index 2.09 higher at 397.01.

Golds lost 10.3 to 3,750.8 as the bullion price moved lower in Europe, but the Oil and Gas sector indicated a sharp improvement—up 45.0 at 4,996.1.

Milan

Prices firmed in active trading, indicating a possible revival after the sharp losses which precipitated and followed last week's three-day closure of the Bourse. The day index added 2.21 to 192.93.

Bank intervention and short-covering apparently helped clear the market of outstanding sale positions.

Advances in Industrials included **Olivetti**, up L110 at L3,200; and **Montedison**, L0.5 firmer at L150. **Pirelli SpA** eased L35 to L1,745 against the trend.

Snia Viscosa, which had shown early weakness, rose L25 to L700.

Banks and Insurances recovered, with **Generale** up up L6,500 to L120,500, **Credito Italiano** L403 to L9,203 and **Mediobanca** L4,825 to L109,850.

Convertibles were mixed in a more active Bond sector.

Tokyo

Profit-taking in big Capitals, Vehicles and Blue Chips brought prices lower, influenced by the yen's further fall against the dollar.

The Nikkei Dow Jones Market Average lost 44.90 to 7,878.96 in thin trading on volume of 300m shares. The Tokyo New SE Index shed 2.85 to 592.25.

Hitachi was off Y5 at Y733, **Mitsubishi Electrical** Y10 at Y441, **Toshiba** Y7 at Y432, **Kawasaki Steel** Y4 at Y209, **Nippon Steel** Y3 at Y211, **Kawasaki Heavy Industries** Y4 at Y214 and **MHI** Y3 at Y297.

Among Vehicles, Toyota and Nissan shed Y40 each to Y1,450 and Y1,050 respectively while Honda fell Y80 to Y1,070.

Okuma Machinery declined Y29 to Y814 on profit-taking. The second market ended steady.

Germany

Frankfurt prices closed mostly easier after a very quiet session, with the Commerzbank Index 4.2 lower at 733.7.

In Engineerings, **Linde** shed DM 3 to DM 354, while **GHH** lost DM 2 to DM 231 and **KHD** gained DM 1 to DM 205.

In mostly lower Electronics, **AEG** fell 70 pfg to a new low of DM 41.10, **Siemens** shed DM 2 to DM 247 and **Brown Boveri** was unchanged at DM 280.

Australia

The Sydney market declined as international gold prices fell towards US$400. The All Ordinaries Index eased 1.7 to 665.7 as sellers left Resource issues but buying interest among Retailers helped hold the Industrial Index to a 0.5 point loss at 730.3.

About 1.9m **Pioneer Sugar** shares, 2.7 per cent of issued capital, changed hands in two big off-market deals at the ruling on-market price of A$2.10.

CSR, which holds just over 20 per cent of the Pioneer issued capital, added 8 cents to A$5.86 following confirmation that the company was interested in making a bid for U.S.-based Delhi Oil Corporation.

Woolworths led the Retailers with a 6-cent rise to A$1.90 while **Coles** firmed 2 cents to A$2.60 and **Myer** 3 cents to A$2.05.

Elsewhere, **BHP** was 15 cents down at A$14.40, **Western Mining** 2 cents at A$3.90, **CRA** 5 cents at A$4.10, **Central Norseman** 20 cents at A$6.50, **Ashton** 4 cents at A$1.78 and **Woodside** 6 cents at A$1.74.

Bank of NSW was unchanged at A$3.05 and **ANZ** lost 4 cents to A$5.26.

In Melbourne, interest in the Mining sector slackened while Industrials were favoured.

Hong Kong

Stocks closed mixed in fairly quiet trading with the Hang Seng Index at 1,779.37, only 1.7 off its record on Monday. Most dealers foresee more strong rises as the market remains relatively cheap internationally.

Among leaders, **HK Electric** and **HK Land** both held unchanged, while **Cheung Kong** and **Hutchison Whampoa** rose 50 cents each to HK$33 and HK$23 respectively.

But **HK Bank** eased 10 cents to HK$17, **HK Wharf** five cents to HK$8.40, **Jardine Matheson** 10 cents to HK$25.50 and **Swire Pacific "A"** 20 cents to HK$18.80.

Johannesburg

Golds moved lower in thin volume, with little selling pressure evident.

Heavyweight producers shed up to R6, as in **Hartles** at R56, while medium and lightweights lost between 10 and 50 cents. Mining Financials generally followed Golds but **Johnnies** firmed R1 to R78 ahead of quarterly results.

Industrials closed mixed.

Singapore

A steep decline through mid-session was halted by bargain hunters, leaving the market mixed with an easier bias. The Straits Times index shed 3.96 to 925.48.

Inchcape, however, firmed 10 cents to S$3.24 after Toyota Motor denied it was in danger of losing its franchise from the Japanese car maker.

Among Properties, **United Overseas Land** firmed 5 cents to S$5.15 and **Singapore Land** 30 cents to S$14.70.

Losers in leading stocks included **Boustead**, down 25 cents at S$8.75, and **Cold Storage** 10 cents at S$5.15.

Amsterdam

A mixed to easier trend emerged. **KLM** fell in late trading to close Fl 6 down at Fl 97.5 on a company announcement that it expects no improvement in 1981-82 results.

Elsewhere in Dutch Internationals, **Unilever** firmed Fl 0.10 to Fl 146.6.

West Utrecht Bank ended Fl 2.5 up at Fl 92.5 and **Ned Mid Bank** Fl 1.5 up at Fl 161 in a mainly firmer sector. Insurances were mixed. State loans tended easier.

Paris

The Bourse was closed for Bastille Day.

Closing prices for North America were not available for this edition.

CANADA

Stock	July 13	July 10
AMOA Intl	24⅝	24¾
Abitibi	25⅛	25
Agnico Eagle	10⅝	11
Alcan Alumin	34⅜	34⅜
Algoma Steel	41¾	41⅞
Asbestos	39½	40
Bk Montreal	28¼	27⅝
Bk Nova Scotia	27½	26⅜
Basic Resources	10⅞	10⅛
Bell Canada	19	18¾
Bow Valley	23½	23⅞
BP Canada	51¼	46¼
Brascan A	34	35⅝
Brinco	8⅜	8¼
B. C. Forest	16	16¾
CadillacFairview	51½	51¾
Camflo Mines	26	26¼
Can Cement	13¾	13¾
Can NW Lands	40¼	41
Can Packers	35½	33½
Can Perm Mtg	30⅞	30⅝
Can Trusco.	30	29½
Can Imp Bank	28½	28⅛
Cdn Inds	36⅝	36⅜
Cdn Pacific	46	44⅝
Can P. Ent	23⅛	22⅝
Cdn Tire	34½	34½
Cherokee Res	8	8¼
Chieftain	27	26¾
Cominco	60⅝	61
Cons Bathst A	26¾	26⅝
Coseka Res	17⅝	17⅝
Costain	13⅜	12⅞
Daon Devel	11⅛	11¼
Denison Mines	42¾	42¾
Dome Mines	25	24⅞
Dome Petroleum	23	23¾
Dom Foundries A	45	44¾
Dom Stores	20½	20¾
Domtar	32¼	32¼
Falcon Nickel	100	100
Genstar	33¾	34
Gt.-West Life	250	250
Gulf Canada	28	28⅛
Gulfstream Res	5⅝	5¾
Hawk Sid. Can	32⅝	32¾
Hollinger Argus	43½	43½

BELGIUM (continued)

July 14	Price Frs.	+ or −
Petrofina	3,870	−5
Royale Belge	3,950	−40
Soc Gen Banq.	1,700	−40
Soc Gen Belge	964	+6
Sofina	2,425	...
Solvay	2,025	...
Traction Elect.	1,855	−5
UCB	1,150	...
Union Miniere	580	−4
Vieille Mont.	1,154	−2

DENMARK

July 14	Price %	+ or −
Andelsbanken	116.6	...
Baltica Skand.	364.2	−0.4
CopHandelsbank	121.2	...
D. Sukkerfab.	538.6	+5.6
Danske Bank	117.2	...
East Asiatic	165	+2
Finansbanken	164.4	...
Forenede Brygg.	474	+2
Forenede Damp	276	+3.4
GNT Hldg	219.4	...
Nord Kabel	157.4	+2.4
Novo Ind	1370	−3
Papirfabrikker	100	...
Privatbanken	124	...
Provnsbanken	125	...
Smidth (Fl)	268	+1
S. Berendsen	510	+14
Superfos	135.6	+0.6

FRANCE

July 10	Price Frs.	+ or −
Emprunt 4½% 1973	2,365	+35
Emprunt 7% 1973	6,610	+550
CNE 3%	2,955	+45
Afrique Occid.	475	+5
Air Liquide	425	+3
Aquitaine	648	+3
Au Printemps	87.6	−2.4
BIC	482	+2
Banq Rothschild	97	+2

HOLLAND

July 14	Price Fls.	+ or −
ACF Holding	83.5	+1
Ahold	70	...
AKZO	24.8	−0.4
ABN	302	−0.5
AMEV	87.5	−0.2
AMRO	52.6	−0.2
Bredero Cert.	188	−1
Bos Kalis	78	+1
Buhrmann-Tet	51.6	+0.1
Caland Hldgs.	38.2	−0.6
Elsevier	104	+1
Ennia	130	−0.5
EuroCom Tst	74	...
Gist. Brocades	67.8	+0.3
Heineken	49.5	+0.8
Hoogovens	18	...
Hunter Douglas	10.5	−0.2
Int-Muller	18.5	−0.2
KLM	97.5	−6
Naarde'n	27.4	−0.6
Nat Ned Cert.	115	+0.7
Ned Cred Bank	45.2	−0.4
Ned Mid Bank	161	+1.5
Nedlloyd	135.5	...
Oce Grinten	109.8	+0.2
Ommeren (Van)	31.3	−0.3
Pakhoed	41	−0.1
Philips	21.8	−0.3
Rijn-Schelde	50.8	...
Robeco	244.5	+2
Rodamco	117.8	+0.3
Rolinco	261	+1.5
Rorento	137.9	+0.9
Royal Dutch	88.7	−2.7
Slavenburg's	105	−1
Tokyo Pac Hg.	254.7	+3.6
Unilever	146.6	+0.1
Viking Res	156.4	−0.6
VMF Stork	49.8	...
VNU	65	+0.7
Volker-Stevin	28.3	−0.3
West Utr Bank	92.5	+2.5

ITALY

July 14	Price Lire	+ or −
ANIC	700	...
Assicur Gen.	110,500	−5500
Banca Com'le	178,000	+1500
Bastogi Fin	320	+13.5
Centrale	4,170	−5
Credito Varesino	14,100	−900
Fiat	1,680	−20
Finsider	59	−2

COMMODITIES AND AGRICULTURE

Record Soviet grain shortfall expected

BY NANCY DUNNE IN WASHINGTON

GRAIN PRICES fell on the Chicago Board of Trade yesterday influenced by news of heavy rain in the Soviet Union and *predictions* of a bumper U.S. wheat crop. This was in spite of U.S. Department of Agriculture reports *that* the Soviet Union would need to buy more foreign grain than ever.

According to USDA estimates, the Soviet Union, which has suffered crop problems from hot dry weather, will need an estimated 38m tonnes of foreign grain, 3m more than was estimated last month. If USSR imports in 1981-82 *from* non-U.S. origin continue at the year ago level of 25m tonnes, the volume needed from the U.S. would be at least 13m tonnes.

The Russians still have not made any purchases of U.S. grain since the embargo was ended in April. The Reagan Administration has offered them 6m tonnes in addition to the 8m they have already purchased.

After September 30 when the current five-year agreement between the two nations expires the Soviets can purchase in reasonable quantities, on the same basis *as other* buyers so as not to disrupt markets. As purchases approach 3m tonnes of wheat and/or 3m tonnes of corn, the two countries are required to consult.

Secretary Block, who *in opposing* the U.S. grain embargo predicted that the USSR would be reluctant to trust U.S. supplies in the future, has said he does not expect the Russians to return to pre-embargo levels *of* U.S. grain purchases.

Argentina, with a bumper crop of corn and sorghum which quadrupled its pre-embargo level of grain and oil seed sales to the Soviet Union is viewed as *the* main U.S. competitor for Soviet business.

Meanwhile the Department of Agriculture is taking other steps to dispose of its coming wheat abundance predicted to exceed 1bn bushels next summer. Mr Richard E. Ling, Deputy Secretary *of Agriculture* has announced a coming visit from the Chinese Ministry of Cereals to continue discussions *on grain* trade collaboration. China will import about 8m tonnes of grain, mostly wheat, from the U.S. this year.

Mr Block has also announced that he is considering an urgent Polish request to buy about 400,000 tonnes of American maize to maintain its poultry *industry. If they cannot get* the maize, estimated to be worth about $80m, the Poles will be forced to slaughter chickens and abandon an industry the U.S. helped establish. U.S. maize stocks are estimated next summer at 700m bushels, the lowest level since 1975.

Hope for fragile cocoa accord

BY BRIJ KHINDARIA IN GENEVA

THE Common Market's decision to enter the new Cocoa Agreement in spite of the absence of the Ivory Coast and the United States has raised hopes that the accord might work when it comes into force on August 1.

The accord is fragile because both the world's largest producer and the largest consumer *have stayed out* and it can come into force only provisionally. The Community's decision was *welcomed by officials at the UN* Conference on Trade and Development (Unctad) but there was some *puzzlement* as to the meaning of the limitation of one year put on Community participation by *the* EEC's Council of Ministers.

In fact the Community has already signed the agreement, and the only unanswered question was whether it would associate *itself with the decision* made in Geneva earlier this month by other signatories to apply the *provisions* regardless of U.S. and Ivory Coast.

Because of the Community's *ambivalence* two conditions were attached to that decision. The first contained a list of *countries which bound* themselves to the decision and the other was a list of those which might enter at a later date.

Since the Community is a signatory there was no real question of its withdrawal from the agreement. The Community's transfer from the second to the first list means that it agrees to be a member for the agreement's entire life. There is no provision in the accord allowing a member to enter for just one year.

Even with the Community's adherence, the Cocoa agreement cannot come into force definitively in the near future because the percentage shares of production and consumption represented by the members so far are insufficient. However, there are several predecents for the functioning of commodity agreements provisionally, and in practice such operation carries all the responsibilities and benefits of definitive application. The previous Cocoa Accord functioned provisionally for almost its entire life. It came into force *definitively only in the* last months before it expired because of slowness in ratification by *parliaments of member* countries.

Whether the new agreement functions at all depends on decisions taken by the new International Cocoa Council—the accord's executive body—when it meets after August 1. The most likely outlook is that the Community will seek temporary suspension of the agreement's substantive provisions *creating a buffer stock* to maintain world cocoa prices above a floor of 110 cents a lb.

The suspension's aim would be to allow more time for the Ivory Coast to enter the agreement. It is felt that a price support system cannot work without the Ivory Coast because its enforcement will be too costly. On the other hand, if the accord's present members do shoulder the cost of pushing world prices up to at least the agreed floor level, the Ivory Coast would also benefit without accepting any of the burdens of membership.

If the Cocoa Council refuses to accept suspension of *the* substantive provisions, the Community may decide to drop out *of the agreement after a year's* trial run. Although it cannot put a limit on its membership, *it* can drop out whenever it so wishes.

Weaker £ boosts metals

By Roy Hodson

WHILE tin prices were rising strongly on the London Metal Exchange yesterday, encouraged in the main by weaker sterling, the International Tin Council forecast a better balance between tin supply and demand.

Cash tin rose £115 in London trading to finish at £6,805.

A new report from the statistics committee of the council given to delegates *meeting in London yesterday* reports production cuts in several countries amounting to several thousand tonnes of tin-in-concentrate. Meanwhile the committee claims that estimates of U.S. tin usage have been revised upwards although consumption in some European countries is at low levels.

The ITC committee believes the producer cuts in recent months have been a reaction to lower world market prices.

Producers are hoping to secure a tin price rise of between 5 per cent and 10 per cent during the London meeting. The tin consuming countries would not agree upon an increase during the April meeting which ended *abruptly when the* producer representatives walked out.

Tempers have cooled since, but the chances of a higher tin price being agreed in London are only moderate.

Other metals were also firm in London yesterday influenced by sterling. The exception was copper which responded to American selling by losing £5.25 to finish at £888.50 a tonne for cash wirebars.

Oversupply hits molybdenum

By Nancy Dunne in Washington

RECENT mine expansion in British Columbia, sluggish demand and the increasing use of molybdenum oxide has produced sharp drop in the price of molybdenum, used in steel making, and the outlook *for any improvement is bleak.*

Canada pjroduces most of the world's molybdenum, *mostly in British Columbia*, where the output last year ran at about 250m pounds. This year's production there is expected to run about 30 per cent above last year with the expansion of one mine and the opening of two more.

Little hope of ban on whaling

BY RICHARD MOONEY

SAVE THE Whale campaigners *are not optimistic* about prospects for a total ban on whaling being agreed at the annual meeting of the International Whaling Commission (IWC) in Brighton next week. But Sir Peter Scott, speaking at a Press conference in London yesterday, said he was hopeful that further progress could be made and that a full-scale ban *might* be in force within five years.

Sir Peter, a long-time campaigner against whaling, *chairman* of World Wildlife Fund International and an adviser to the British IWG delegation, said the nine whaling members easily outnumbered on the 33-member commission, which had *recently* been joined by several non-whaling countries. But the anti-whalers still could not command the 75 *per cent* majority vote necessary to push through a substantive decision such as a whaling ban.

Dr. Sidney Holt, adviser to the conservation-minded Seychelles delegation, said the best prospect this year was for a moratorium on the hunting of sperm whales, though he did not rule out the possibility of a more extensive ban.

Scientists still knew very little about the level of whale populations and much less about whether they were growing or declining, he admitted. Deliberations in the IWC's scientific committee tended to be increasingly tinged with politics as the plenary session of the commission approached, he said, with scientists from anti-whaling nations giving the benefit of the doubt to the whales and those representing the whalers taking the opposite attitude.

"In past years when scientists thought they could count whales they were being arrogant," Dr Holt declared. "Recently there has been a growing level of admitted uncertainty."

Proposals before the commission this year include one for a total ban, urged by the U.S. and supported by the UK; a North Atlantic ban proposed by the UK; and a ban on hunting Southern Hemisphere minke whales proposed by France. In addition France, the Seychelles and the Netherlands are calling for a moratorium on sperm whale hunting and Sweden is proposing a fin and sei whale ban.

Campaigners are concerned about allegations that Japan, the world's biggest whaling nation *by far, has been putting* financial pressure on certain non-whaling nations. The Seychelles publicly protested that the Japanese government had attempted to link an offer of aid to the country's position at the IWC. Other countries are supected to have stayed out of the Commission for similar reasons.

EEC sugar import talks

By Larry Klinger in Brussels

THE DISPUTE over developing countries' sugar exports to the *European Community is again* expected to be put before the EEC Council of Agriculture Ministers.

Following the failure of the EEC Foreign Ministers to take up the issue at the Council meeting on Monday, M Edgard Pisani, the European Commissioner responsible for overseas development, intends *to place the dispute before the* Farm Ministers when they meet in Brussels on Monday and Tuesday of next week.

The Community offer of a 7.5 per cent price rise for cane imports *has been rejected* by the sugar producers of the African, Caribbean and Pacific Ocean (ACP) countries

MARKET PROFILE: TIMBER

Coping with reduced demand

BY A CORRESPONDENT

THE REDUCTION in demand for constructional timber and *wood-based sheet materials* which first appeared in the UK in April last year has now spread through the main consuming countries of Western Europe and the Middle East and is affecting the U.S. and Japan.

Although the reaction of the main softwood exporting countries, Canada, Sweden, Finland and the Soviet Union, has varied according to their different marketing philosophies, in the end they have had to reduce prices.

The large west coast Canadian softwood mills are geared to a high throughput, and when demand weakens they are usually the first to try to tempt buyers with lower prices.

Their most important *customer is the U.S. and they are* therefore sensitive to the level of housing starts in that *country. While house purchase* finance is not quite so directly linked to current interest rates *as it is here, the dear money* policy pursued by the Reagan Administration took America's housebuilders somewhat by surprise and the industry is running well below the usual average of about 1.8m house starts annually.

The west coast Canadian mills are now locked in their biennial wage negotiations with their operatives; the opening talks were not promising with the *union side wanting to negotiate* an agreement for one year only instead of the customary two, presumably in the hope that by this time next year the industry will be looking in better shape. The companies appeared to take a tough line because of their weak markets, and a strike has ensued.

The Swedish and Finnish sawmillers appear to have much closer contacts with each other when working out their reaction to reducing demand. They are much more willing to cut production hard back before conceding lower prices.

In the present recession, whether from a lack of market intelligence or by design, they maintained their optimistic *outlook for longer than usual.* At the Conference of European Importers/Exporters which is *held each October to review* prospects in the coming year, the Scandinavians reported that demand in North Africa and the Middle East was rising and yet their export figures for the first three months of this year showed shipments to these areas down by 35 per cent from Sweden and 42 per cent from Finland.

This year most mills have extended their summer shutdown and it will probably be September before it becomes apparent whether in spite of the production cut-backs they are going to overwinter some stocks or whether some autumn *bargains appear.*

In its forest products sales the Soviet Union does not have *to abide by any capitalistic* profit and loss rules but Exportles, the state selling organisation, has a good record of commercial judgment.

Because there is only one seller and because of the limited shipping season from the northern ports, the Soviet Union markets its softwood in two or sometimes three large offers which have an effect on the market somewhat out of proportion to the volume of wood. In January each year, importers all over Europe tend to wait "to see what the Russians are going to do this year." In most years they will get it right with prices keen enough to compensate for the disadvantages of buying Russian wood (*large cargoes shipped* when it suits the seller rather than the buyer and therefore *calling for quick financial* arrangements) but not so keen to upset the market. This year they appeared to have misjudged the depth of the recession and came out with an offer to UK importers in February which was priced too high and was virtually left on their hands. In May the position was retreived with a second offer which showed reductions averaging 15 per cent.

In a *normal year the* USSR supplies about 20 per cent of the UK softwood import of about 6.5m cubic metres. This year, UK traders forecast an import of 6.1m but recently trade leaders have forecast only 5.4m, and on that basis the Soviet share of our market will be down to about 15 per cent with an increased proportion probably going to Canada.

As for future trends in the market, there are as many opinions as there are forecasts of the timing of the upturn in the economy. Most would agree that the timber market will remain weak until the U.S. *housing* and construction industry improves sufficiently to take some of the pressure off *the Canadian mills.*

The market could also react sharply if the Soviet Union decided to take action against Poland which was unacceptable to the West. The trade *embargoes which would* certainly follow would remove an important source of supply from the European market and while the gap in volume could probably be filled in present trading conditions, prices would rise sharply.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were erratic on the London Metal Exchange following the widespread movements in currencies. Copper held steady around £921 in early pre-market dealings before dropping to close the day at £914.5 owing to American selling. The weakness of sterling encouraged strong buying of tin which advanced to £6,920. Lead touched £420 in initial trading, fell back to £411 on profit-taking, but rallied well to close the late Kerb at £416.5. Zinc gained ground in the afternoon and closed at £467, after £459. Aluminium was finally £634 and nickel £3,327.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	890-1	-1.25	888-9	+.25
3 months	914.5-5	-2.5	912.5-3	-4
Settlem't	891	-1	—	......
Cathodes				
Cash	884.5 5.5	-3	883 4	-5
3 months	905-.5	-1.75	903.5 4.5	-4.5
Settlem't	6825.5	-3.5	—	......
U.S. Prod.	—		*80-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £889.5, three months £914, 15, 14.5, 14, 14.5, 15. Cathodes: Three months £905.5, 06. Kerb: Wirebars: Three months £914, 14.5, 15. Afternoon: Wirebars: Three months £913.5, 13. Kerb: Wirebars: Three months £913, 14. Turnover: 16,250 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6785-95	+115	6800-10	+115
3 months	6900-5	+122	6915-25	+122
Settlem't	6795	+115	—	......
Standard				
Cash	6785-95	+115	6800-10	+112
3 months	6900-5	+122	6915-25	+125
Settlem't	6795	+115	—	......
Straits E.	$889.36	-6.04		......
New York	—	......		

Tin—Morning: Standard: Cash £6,765, 90, 80, 85: three months £6,860, 65, 70 65, 75, 85, 90, 95, 6,900. Kerb: Standard: Three months £6,895, 6,900, 10, 20, 10. Afternoon: Standard: Cash £6,800: three months £6,895, 90, 6,900, 6,895, 6,915, 10, 15, 20; 25, 30, 25, 20. Kerb: Standard: Three months £6,925, 30, 25, 20, 15. Turnover: 1,210 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	412.5-3	+1	412.5-3.5	+.5
3 months	415-.5	+1.5	412.5-3.5	+.75
S'ment	415	+1		......
U.S. Spot	—	......	*41	......

Lead—Morning: Three months £413, 13.5. Kerb: Three months £413.5. Afternoon: Three months £413, 12, 11, 12. Kerb: Three months £413.5, 14, 14.5, 15, 15.5, 16, 17. Turnover: 17,200 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	458-9	+4.25	458.5-9.5	+3
3 months	462.5-3	+5.5	465-6	+6
S'ment	459	+4.5		......
Primw'ts	—	—	*46.5	......

Zinc—Morning: Cash £458.5; three months £463, 62, 61, 60, 62, 62.5, 63. Kerb: Three months £462.5, 63. Afternoon: Three months £463, 64, 64.5, 65. Kerb: Three months £465, 66, 67, 68, 69, 68.5, 69, 68.5, 68, 69, 67. Turnover: 11,000 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	615-6	+6.75	612.5-3.5	+2
3 months	635-.5	+6.5	632.5-3	+2.25

Aluminium—Morning: Three months £634, 33, 33.5, 34, 35. Kerb: Three months £635, 35.5. Afternoon: Three months £634, 33.5, 33. Kerb: Three months £633.5, 34. Turnover: 6,450 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3305-15	+55	3295-300	+33
3 months	3335-40	+65	3328-30	+41.5

Nickel—Morning: Three months £3,320, 25, 30, 35, 40. Kerb: Three months £3,340. Afternoon: Three months £3,330, 35, 30, 25. Turnover: 1,692 tonnes.

† On previous unofficial close.

* Cents per pound. ‡ MS per kilo.

SILVER

Silver was fixed 8.1p an ounce lower for spot delivery in the London bullion market yesterday at 466.9p. U.S. equivalents of the fixing levels were: spot $8.68, down 34c: three-month $9.06, down 35.1c; six-month $9.438, down 36.4c; and 12-month $10.114, down 37.3c. The metal opened at 466-471p ($8.70-8.80) and closed at 453-458p ($8.45-8.55).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	466.90p	-8.10	458.0p	-17.8
3 months	481.40p	-8.15	472.0p	-17.5
6 months	497.60p	-8.15	—	......
12 months	529.10p	-8.15	—	......

LME—Turnover: 94 (102) lots of 10,000 ozs. Morning: Three months 480, 80.5, 82, 83. Kerb: Three months 484. Afternoon: Three months 475, 73, 74, 72, 71, 72. Kerb: Three months 471, 72, 71.

COCOA

Futures initially traded nervously within a narrow range as light commission house profit-taking was matched by offtake from manufacturers. Renewed trade and commission house support during late dealings caused prices to close at the highs, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	1060-80	+5.0	1075-54
Sept.	1117-20	+31.0	1120-080
Dec.	1157-58	+30.5	1160-23
March	1168-69	+29.5	1170-35
May	1175-76	+29.0	1179-43
July	1180-85	+28.0	1180-70
Sept.	1185-92	+24.5	1180-71

Sales: 4,501 (10,263) lots of 10 tonnes.

ICCO Futures—Daily price for July 13: 94.73 (92.45); five-day average 91.43 (90.15).

COFFEE

Robustas opened stronger than expected. Commission house selling and profit-taking then eradicated early gains, reports Drexel Burnham Lambert. Renewed commission house pressure, a weaker New York and long liquidation continued the downside move before profit-taking helped values recover to *virtually unchanged levels.*

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	810-15	+1.0	835-04
Sept	836-37	+5.0	857-23
Nov	832-34	+4.0	852-23
Jan	828-34	+1.5	848-22
March	821-24	+1.0	845-12
May	820-24	+1.0	840-20
July	815-25	-11.0	815

Sales: 4,441 (4,971) lots of 5 tonnes.

ICO Indicator prices for July 13: (U.S. cents per pound); Comp. Daily 96.21 (94.84); 20-day average 93.66 (93.93).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg: July 501 2, 502.0, 503.0-502.0: Oct 501.2, 501.5, 502.0-501.0: Dec 508.5, 508.9, 510.0-508.5: March 516.5, 516.5, 518.0-516.5: May 526.0, 526.9, 528.0-526.9: July 530.0, 532.0, 530.0: Oct 527.0, 529.0, untraded: Dec 531.0, 532.0, 531.0, 531.0. Sales: 234.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, *business). New Zealand cents per* kilo. Aug 390, 410, nil; Oct 395, 410, nil: Dec 404, 407, 405-404; Jan 407, 410, 406-405; Mar 415, 418, 415-413; *May 426, 429, 424;* Aug 434, 440, 432; Oct 435, 442, 435: Dec 436, 442, nil; Jan 436, 445, nil. Sales: 14.

GRAINS

Wheat opened about unchanged. Barley saw very active trading due to further *shipper* buying. Wheat also saw active trading due to steady interest on the wheat barley spread, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep.	102.20	+1.00	98.15	+0.75
Nov.	106.10	+1.00	102.20	+0.75
Jan.	110.10	+1.00	106.15	+0.75
Mar.	113.95	+0.95	109.60	+0.90
May.	117.45	+0.95	112.80	+0.80

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Aug 113.50, Sept 113.50 transhipment East Coast. U.S. Hard Winter 13½ per cent Aug 116.75, Sept 117.50 transhipment East Coast. English Feed fob Sept 114.50, Oct 107.50, Oct/Dec 109 East Coast. Maize: French July 128, Aug 125.25 transhipment East Coast. S. African Yellow Aug/Sept 94.75. Barley: English Feed fob Aug 98, Oct/Dec 106, Jan/Mar 111, April/June 116 East Coast. Aug 98.75 paid East Coast July/Aug 97.75 paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S East 93.00. S West 94.00, *W Mids 94.00, N West* 92.00. The UK Monetary Coefficient for the week beginning Monday July 20 (based on HGCA calculations using five days' exchange *rates) is expected* to remain unchanged.

GAS OIL FUTURES

The market opened lower and traded in a narrow range all day on generally low volume as traders took stock of the recent price movements. The physical market was also quiet, reports Premier Man.

Month	Yesterd'ys close	+ or —	Business Done
	$ U.S. per tonne		
July	301.50	-1.50	302.00-01.50
August	301.50	-1.50	302.75-01.00
September	301.50	-1.75	302.75-01.50
October	305.25	-1.25	306.25-05.50
November	309.00	-1.00	310.25-09.50
December	312.25	-1.50	315.50-12.50
January	315.50	-1.00	316.50-15.25
February	318.25	-2.00	
March	321.50	-2.00	321.80-21.00

Turnover: 799 (1,141) lots of 100 tonnes.

RUBBER

The London physical market opened steadier, with little interest at the higher levels, closing easier. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 247.5 (250.0) cents a kg and SMR 20 216.5 (218.0).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	62.80-62.70	62.80-62.90	—
Sept.	62.70-65.50	63.80-63.90	—
Oct-Dec	64.20-64.30	64.90-65.00	65.70-64.20
Jan-Mar	66.50-66.60	67.50-67.40	68.00-66.50
Apl-Jne.	69.40-69.50	70.20-70.30	69.80-69.40
Jly-Sept	72.20-72.40	73.00-73.20	—
Oct-Dec	75.20-75.40	76.10-76.20	—
Jan-Mar	78.20-78.30	79.10-79.20	—
Apl-Jne.	80.80-81.00	82.00-82.10	82.00

Sales: 384 (389) lots of 15 tonnes; 6 (6) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 60.75p (61.00p); Aug 61.25p (61.75p); Sept 61.50p (62.25p).

SUGAR

LONDON DAILY PRICE—Raw sugar £235.00 (£225.00) a tonne cif July-Aug shipments. White sugar daily price £250.00 (£243.00).

The market opened above overnight levels and commission house stop-*loss liquidation was touched off.* Persistent trade selling developed at the highs. The decline was extended by weak New York quotations and the *market closed at the lows, reports C.* Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	225.25-25.40	221.00-21.25	233.50-20.00
Oct.	225.70-25.90	221.65-21.95	233.75-20.80
Jan.	223.50-24.00	220.25-20.75	232.00-23.05
March	226.00-26.25	225.00-25.20	234.00-22.50
May	226.50-27.00	224.75-25.00	234.00-28.00
Aug	227.50-28.00	225.75-26.50	231.00-24.00
Oct.	228.50-29.00	227.50-28.00	231.00-28.75

Sales: 11,552 (8,791) *lots of 50* tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (*same*) *a tonne for home trade* and £345.0 (£334.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed *Caribbean ports. Prices for July 13:* Daily price 17.25 (16.70); 15-day average 15.81 (15.73).

SOYABEAN MEAL

The market opened steady with gains on mixed buying, reports T. G. *Roddick.* Quiet cash markets and improved weather prospects in major growing areas pressured prices and the market closed on the lows.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	134.70-35.0	-2.00	137.00-35.00
October	138.30-38.8	-1.40	141.50-38.40
December	145.70-44.0	-1.15	146.70-43.70
February	146.70-46.5	-2.55	—
April	147.60-50.0	-1.50	—
June	148.00-52.0	-1.25	—
August	148.50-54.0	-1.25	—

Sales: 130 (164) lots of 100 tonnes.

COTTON

LIVERPOOL—No spot or shipment sales were recorded again. Dealers were unwilling to operate, and activity was severely restricted. Although prices were relatively stable, the absence of work in spinning mills caused a lack of enterprise among users. Interest was at a low ebb.

POTATOES

LONDON POTATO FUTURES—The market was steady in quiet trading *despite weaker ware prices, reports* Coley and Harper. Closing prices: Nov 73.00, unchanged, (high 73.50, low 72.80); Feb 83.20, +0.20, (high 83.20, *low 82.50); April 93.00, unchanged,* (high 93.70, low 92.50). Turnover:

*

HIDES—Birmingham: Light cows *were firmer, otherwise* there was little change. Second clears. Ox: 31-35.5kg, 43.5p a kg (42.5p a kg): 26-30.5 kg, 48.7p a kg (48.5p a kg): 22-25.5kg, 53.0p a kg (53.5p a kg). Light cows 25.5kg, 49.4p a kg (47.8p a kg).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. *Beef:* Scottish killed sides 72.5 to 77.5; Ulster hindquarters 81.0 to 83.5; Eire hindquarters 80.0 to 84.5, forequarters 55.0 to 57.2. *Veal: Dutch hinds and ends* 124.0 to 129.5. Lamb: English small 59.5 to 65.8, medium 58.0 to 64.0, heavy 55.5 to 60.0; Imported frozen: New *Zealand PL 60.0 to 62.0, PM* 58.0 to 59.5. Pork: English, under 100 lb 41.5 to 52.0, 100-120 lb 44.5 to 51.0, 120-160 lb 40.5 to 50.0.

MEAT COMMISSION—Average fatstock prices at representative markets on July 14. GB—Cattle 87.62p per kg lw (−3.47). UK—Sheep 126.12p per *kg est dcw (−20.63). GB—Pigs* 68.09p per kg lw (−6.55).

COVENT GARDEN—Prices for the bulk of produce in sterling per *package except where otherwise stated.* Imported Produce: Oranges—Outspan: Navels 48 5.00, 56 5.80, 72 5.75, 88 5.15, 112 4.85, 138 4.85, 150 4.40: Californian: 72/113 6.50-7.50. Lemons—Spania: Trays 25/50 2.00-2.80: Californian: 95/145 5.50-6.50; Outspan: 80/195 5.50-7.00. Grapefruit—Outspan: 40 4.55, 48 4.55, 56 4.10, 64 3.70, 72 3.30; Jaffa: 20 kg 40 3.00-3.50, spring crop 4.50-4.60. Apples—S. African: Granny Smith 5.80-6.20, Golden Delicious 5.00-5.50, Starking 6.00-7.00, Yorks 3.80-5.00; Chilean: Granny Smith 4.30-4.50, *Starking 5.00; Italian:* Starking 5.00; New Zealand: Granny Smith 5.30-6.30, Sturmer Pippins 5.00-5.60, Golden Delicious 5.00-6.00, Red *Delicious* 6.00, *Dougherty* 7.50-7.80; Tasmanian: Granny Smith 4.80, Sturmer Pippins 5.00-5.60, Democrats 6.50-7.00, Crofton 7.40-7.80; U.S.: Red Delicious 10.00-11.00; French: Golden Delicious 40 —lb— 125/175 3.50-4.50. Pears—Victorian: Winter Nelis 4.00-4.80, Packham's 6.00-6.50, Josephines 4.30-5.80; Spanish: Per pound Morettini 0.15. Nectarines—Italian: Large trays A/O 4.00-7.00. Plums—Spanish: Rosas 3/8 2.00-3.60, Gaviota 3/8 2.00-3.80, Burbank per pound 0.25-0.35. Apricots—Spanish: 11 lb 2.20-2.80; Hungarian: 13 lb 2.20-2.40. Cherries—U.S.: 18 lb, per pound 0.85-0.80; Turkish: 0.88. Grapes—Chilean: Almeria 5.00; Israeli: *Perlette 9 lb 4.25; Cyprus: Cardinal* 11 lb 4.40, Sultana 5.50, Thompson 9.90. Melons—Israeli: Carmel Yellow 6/12 3.50-4.00; Spanish: 10 kg Yellow 3.00-3.50. Water-melons—Spanish: 15 kg 2.50-3.00; 12 kg 1.50-2.50; Italian: 25 kg 4.80-5.00. Peaches—Italian: Large trays A/O 1.70-3.50; Greek: 1.20-2.00; French: 1.40-2.80. Pineapples—Ivory Coast: Each 0.40-0.90; S. African: Shelford 5/9 2.25-3.00. Bananas—Colombian: Per pound 0.15-0.20. *Avocados—S. African: 12/16* 3.50-3.80. Tomatoes—Dutch: 13 lb 2.70-2.80. Onions—Spanish: Lilis 3/5 4.00-5.00; Israeli: Carmel 4.80; Egyptian: 4.00-4.50. Potatoes—*Jersey: New,* per 55 lb 3.00; Cyprus: 44-lb bags 5.20. Capsicums—Spanish: 6 kg green 3.00, red 2.40; Dutch: 5 kg green 4.00, red 4.00. *Fennel—Italian:* 20 lb 5.50; Dutch: 5 kg 3.80. Aubergines—Dutch: 5 lb 3.50-3.80. Carrots—Italian: 22 lb 2.20-2.50; French: Nantes 26 lb 2.80; Cyprus: 22 lb 2.50-1.80. Cabbages—Dutch: White 7.00-7.50, red 16.00.

English Produce: Potatoes—Per 55 lb, Kent 2.80-3.00, Essex 2.60-3.00, Lincoln 2.80-3.00. Mushrooms—Per pound open 0.25-0.30, closed 0.65-0.70. Apples—Per pound Bramley 0.10-0.15. Cauliflowers—Per 12 Lincoln 1.60-2.40. Cabbages—Per bag spring 22 lb 1.00-2.00, *Primo* 20 lb 2.00-3.00. Lettuce—Per 12 round 1.00-1.40, Cos 10/12 2.00-2.40. Tomatoes—Per 12 lb 2.60-2.90, E 2.40-2.60. Radishes—Per pack of 12 x 8 oz 1.50, bunches of 15 1.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 15 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£815/815
Free Mkt	$1146/1175		$1250/280
Copper			
Cash w'bar	£888.5	-5.25	£863.5
3 mths	£912.75	-4	£888.25
Cash Cathode	£883.5	-5	£856.75
3 mths	£904.0	-4.5	£878.0
Gold troy oz	$401	-13	$462.5
Lead Cash	£413	+0.5	£354.5
3 mths	£413	+0.75	£361.5
Nickel	£3,850.58		£3,584.58
Freemkt	275/295c		275/285c
Platin'mtr'y oz	£247.0		£247
Freemkt	£214.50	-3.45	£222.50
Quicksilvert	$430/435		$425/435
Silver troy oz	466.90p	-8.10	506.25p
3 mths	481.40p	-8.10	522.00p
Tin Cash	£6,805	+115	£6,385
3 mths	£6,920	+122.5	£6,519
Tungsten 22.04lb	$143.64		$143.75
Wolfrm 22.04lb	$148/152		$146/148
Zinc Cash	£459	+3	£421.5
3 mths	£465.5	+6	£421.5
Producers	$925		$925
Oils			
Coconut (Phil)	$597.5w	-2.5	$590
Groundnut	‡		‡
Linseed Crude	£452		£442
Palm Malayan	$590x		$640
Seeds			
Copra Philip	$375w	+5	$380
Soyabean (U.S.)	$312z	+2	$302
Grains			
Barley Fut. Nov	£102.20	+0.75	£94.40
Maize	£128		£127.5
Wheat Fut. Nov	£106.10	+1.0	£99.60
No2 Hard Wint	£116.75z	-2.25	£111.25
Other commodities			
Cocoa ship't*	£1160	+32	£882.0
Future Sept	£1117.5	+31	£821.5
Coffee Ft Sept	£836.5	+3	£792.5
Cotton A Index	86.40c	+0.65	87.50c
Gas oil Aug	$301.5	-1.5	$276.75
Rubber (kilo)	60.75p	-0.25	62p
Sugar (Raw)	£235w	+10	£196.00
Woolt'ps 64s kl	381p kilo		389p kilo

‡ Unquoted. y Aug-Sept. w July-Aug. z Aug. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, July 14.

Precious metals and copper rallied on the shooting down of a Syrian aeroplane and a rally in financial instruments leaving gold hither, silver lower and copper mixed. Grains and soyabeans came under heavy pressure as local weather conditions showed further improvement. Cotton sold off with the grains and on lack of buying interest. Sugar backed off on reports of large Brazilian offerings, reported Heinold.

Copper—July 75.95 (76.00), Aug 76.85 (76.75), Sept 77.80-78.00, Dec 81.50-81.60, Jan 82.75, March 85.00-85.25, May 87.30, July 89.40, Sept 91.50, Dec 94.70, Jan 95.60, March 97.90, May 100.00.

*Gold—July 411.4 (405.4), Aug 413.5-415.5 (409.0), Sept 419.7, Oct 424.5-425.1, Dec 434.0-436.0, Feb 445.5, April 455.7, June 465.9, Aug 476.1, Oct 486.5, Dec 497.2, Feb 508.1, April 519.0.

*Platinum—July 402.9 (396.9), Aug nil (nil), Sept nil, Oct 415.0-416.5, Jan 439.0, April 448.9, July 463.4, Oct 480.4.

Potatoes (round whites)—Nov 74.9 (76.0), Feb 82.6-82.8 (83.8), March 87.5-88.0, April 98.5-99.0. Sales: 1,341.

§Silver—July 865.0 (875.5), Aug 879.0 (883.0), Sept 889.0-893.0, Dec 930.0-932.0, Jan 942.0, March 966.5, May 991.0, July 1015.5, Sept 1040.0, Dec 1077.0, Jan 1089.3, March 1113.8, May 1138.3. Handy and Harman bullion spot 854.00 (894.00).

Sugar—No. 11: Sept 16.90-17.00 (17.52), Oct 17.05-17.10 (17.82), Jan 17.05-17.20, March 17.30-17.35, May 17.55-17.60, July 17.75-17.80, Sept 17.90, Oct 18.00.

Tin—578.00-583.00 (578.00-585.00).

CHICAGO, July 14.

Lard—Chicago loose 20.75 (20.50).

Live Cattle—Aug 65.55-65.65 (66.30), Oct 62.85-62.90 (63.17), Dec 63.60-63.75, Feb 64.47-64.50, April 65.60, June 66.70.

Live Hogs—July 53.40-53.62 (52.62), Aug 52.75-52.90 (52.32), Oct 50.10-50.05, Dec 53.15-53.25, Feb 54.70-54.50, April 53.67, June 56.20, July 56.20, Aug 54.07.

‡‡Maize—July 348½-347½ (355½), Sept 356¾-357 (366¾), Dec 367-367¾, March 379½-380, May 386½-386, July 390½.

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Pork Bellies—July 50.60 (48.60), Aug 50.90-50.75 (48.95), Feb 66.75-66.85, March 67.00, May 68.00, July 69.00, Aug 68.65.

†Soyabeans—July 734-734½ (755¼), Aug 742½-741½ (763¼), Sept 750½-751, Nov 772½-771, Jan 789½-790, March 811, May 827½, July 841.

‖Soyabean Meal—July 207.5 (212.5), Aug 208.0-209.5 (214.1), Sept 212.0-212.5, Oct 215.5, Dec 221.2-221.5, Jan 24.5, March 232.5-232.0, May 234.5-235.0, July 237.5-238.0, Aug 238.0-239.0.

Soyabean Oil—July 23.80-23.78 (24.58), Aug 24.07-24.10 (24.92), Sept 24.50-24.55, Oct 24.86-24.85, Dec 25.70, Jan 26.05-26.10, March 26.80-26.85, May 27.30-27.40, July 27.85, Aug 27.80-27.90.

†Wheat—July 383½-383 (389½), Sept 400-399 (403¾), Dec 429-430, March 453-453½, May 466¾, July 474.

WINNIPEG, July 14.

§Barley—July 143.10 (143.40), Oct 132.50 (135.20), Dec 133.60, March 135.80, May 139.00.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 244.52 (248.77).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, July 13.

††Cocoa—July 1900 (1820), Sept 1952 (1884), Dec 2056, March 2115, May 2141, July 2171, Sept 2216, Dec 2261. Sales: 2,991.

Coffee—"C" Contract: July 104.00 (101.25), Sept 101.26 (97.26), Dec 95.50-95.75, March 91.80, May 90.75-91.00, July 90.75-92.30, Sept 90.10-91.80, Dec 89.50. Sales: 2,264.

Cotton—No. 2: Aug 79.00-80.10 (78.40), Oct 77.90-78.10 (78.36), Dec 77.65-77.76, March 79.00-79.25, May 80.45-80.70, July 81.50-81.60, Oct 80.00, 80.30, Dec 79.50-79.60.

Heating oil (cents per U.S. gallon)—Aug 0.9468 (0.9350), Sept 0.9525 (0.9472), Oct 0.9642, Nov 0.9835, Dec 1.0031, Jan 1.0200, Feb 1.0350, March 1.0485, April 1.0525, May 1.0650, June 1.0625, July 1.0650, Aug 1.0725. Turnover: 3,665.

Orange Juice—July 128.00 (127.00), Sept 132.50-132.90 (129.65), Nov 136.40, Jan 138.90, March 140.90, May 142.40-142.70, July 143.90-144.30, Sept 145.40-145.80, Nov 146.90-147.00. Sales: 2,000.

CHICAGO, July 13.

Chicago Imm Gold—July 404.0 (417.5), Aug 407.5 (421.5), Sept 414.5-413.5, Oct 419.0, Dec 428.2-428.8, Jan 434.1, March 443.5, April 449.5, June 459.8, July 465.0.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2380 (2381), Nov 2309 (2312), Jan 2339, March 2394, May 2417.

EUROPEAN MARKETS

ROTTERDAM, July 14.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Aug 202, Sept 204. U.S. No Two Red Winter July 152, Aug 158. U.S. No Two Northern Spring 14 per cent Aug 194, Sept 196, Oct 198, Nov 206.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat 162.50, July 162, Aug 161.50, Sept 163, Oct 167, Nov 168, Dec 171.50, Oct/Dec 169, Jan/Mar 177.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 306, Sept 307.50, Oct 311.25, Nov 312, Dec 318.25, Jan 324, Feb 328.75, Mar 332.75, April 337, May 342. Argentine afloat 300.50, Aug 302 sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 257, July 256, Aug 257, Sept 259, Oct 264, Nov/Mar 276. Brazil Pellets afloat 259, July 258.50, Aug 264, Sept 267.50, Oct 273.50, Nov/Mar 288.

INDICES

FINANCIAL TIMES

July 14	July 10	Month ago	Year ago
261.86	258.99	251.41	278.30

(Base: July 1, 1952=100).

MOODY'S

July 13	July 10	Month ago	Year ago
1074.0	1075.3	1082.6	1161.0

(December 31, 1931=100)

DOW JONES

Dow Jones	July 13	July 10	Month ago	Year ago
Spot	386.83	385.43	379.68	433.17
Fut'res	392.88	388.08	382.61	449.20

(Average 1924-25-26=100)

REUTERS

July 14	July 13	M'nth ago	Year ago
1717.0	1813.8	1747.6	1695.6

(Base: September 18, 1931=100)

Equities lack inspiration and surrender early gains

Pound's fall and interest rate fears unsettle Gilts

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
June 29	July 9	July 10	July 20
July 13	July 22	July 23	Aug 3
July 27	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets yesterday lacked inspiration after initially extending Monday's late advance, and Government securities wilted in the wake of a weaker pound. The overall scene in stock markets thus presented a dreary picture with increasing signs that seasonal considerations were beginning to affect the volume of business.

Continuing relief that **British Petroleum's** £624m rights issue was meeting with more success than expected was the overriding influence at first and leading shares opened on a bright note. BP issues held close to the day's highest, but other leaders soon began to turn back. In a trade described as thin, many of the early gains were transformed into fractional losses and the FT Industrial Ordinary share index, up 4.4 at 10 am, closed 0.2 down on balance at 531.9.

The tough measures to combat street violence in the UK were welcomed but were not reflected in sentiment which was again chiefly concerned that interest rates could be pushed higher in defence of sterling. The latter's fall of nearly 3 cents at one stage yesterday was particularly disconcerting to the Gilt-edged market.

The Government's repeated determination to maintain a firm stance on State borrowing had no noticeable impression on the sector and scattered selling from nervous investors took longer-dated stocks lower. Some high-coupon issues eventually edged away from the lowest but closing losses still ranged to ¾. The shorts were more resilient and ended only marginally down after displaying falls extending to ⅛. Against the trend, some low-coupon shorts managed improvements of ½.

Oil issues dominated Traded options. **British Petroleum** attracted 166 calls and 117 puts, while **Shell Transport** recorded 203 calls and 58 puts. Total contracts completed yesterday amounted to 1,129, slightly up on Monday's 1,061.

Com. Union up late

Composite Insurances were notable for a late speculative flurry in **Commercial Union** which closed 5 dearer at 178p. **Royals** shed 7 to 365p and **Eagle Star** a couple of pence to 308p. Life issues had **Hambro** 11 up at a 1980 peak of 405p. The current weakness of sterling prompted early interest in Brokers, but closing quotations were well below the day's best. **Sedgewick** touched 139p before finishing 3 dearer on balance at 135p, while **Willis Faber** reverted to 360p, after 367p.

The major clearing banks, a touch better at first, drifted off to close with falls extending to 8, as in **Barclays** at 432p. **Lloyds**, interim results on Friday, eased 5 to 390p. Elsewhere, **Grindlays** put on 7 for a two-day gain of 17 to a 1981 peak of 222p on further speculative demand in a thin market while, among Merchant Banks, **Minster Assets** added 2½ to 74p.

Once again, Breweries recovered from an easier opening to close a shade firmer on balance. **Whitbread** added a couple of pence to 167p, while **Bass**, down to 222p earlier, ended a net penny better at 225p. Among regionals, **Buckleys** were marked 3 lower to 49p following the £1m rights issue. Wines and Spirits closed with small rises. **Distillers**, preliminary results due tomorrow, touched 232p before settling for a net gain of 2 at 230p.

Selected Building descriptions found support on recovery hopes. **Costain** rose 10 to 212p and the **Deferred** 6 to 196p on the possibility of contracts for the Channel Tunnel project. **John Finlan** firmed 6 for a two-day gain of 16 to 156p on revived bid hopes. **Marchwiel** revived with a gain of 7 at 122p and **French Kier** with one of 2½ at 82p, while **Brown and Jackson**, a poor market of late, rallied 3 to 53p. **H.A.T. Group** responded to the increased annual profits with an improvement of 2 at 68p, but **Magnet and Southerns**, up 6 in immediate response to the preliminary results, closed 2 cheaper on balance at 148p. Elsewhere, **Blue Circle** hardened 4 to 472p and **London Brick** a couple of pence to 69p.

After opening a couple of pence firmer at 274p, **ICI** drifted off to close 2 cheaper on balance at 270p. Renewed support left **International Paint** 5 up at 162p after the AGM.

Austin Reed better

Lack of investment incentive left leading Stores with modest falls. **Burton**, 123p, **Mothercare**, 202p, and **Gussies A**, 448p, all shed 2; the last-mentioned is due to announce annual results tomorrow. Secondary issues remained irregular. **Polly Peck** firmed 7 more to 360p, while **Cornell Dresses** added 3 to 168p, but **Owen Owen** came on offer at 218p, down 7. Revived takeover hopes lifted **Austin Reed** 8 to 88p with the **A** closing 7 up at 84p.

Electrical leaders passed an uninteresting session with most quotations closing little changed after a slightly firmer trend at the start. Several firm features, however, were recorded in secondary issues; **Lec Refrigeration**, reflecting Press mention, advanced 8 to 198p. **Electronic Machine** came to life and put on a similar amount to 48p, while **First Castle** revived and also closed 8 to the good, at 114p. **Suter** improved 4 to 69p.

With the exception of **Hawker**, 6 firmer at 30p, movements in the Engineering leaders were limited to a penny either way. **GM Firth**, up 8½ more at 98p, after 99p, continued to benefit from news that Mr Ian Wasserman had acquired a near 20 per cent stake in the company. **Percy Lane** firmed 3 to 46p following the proposed rights issue and news of the agreement to acquire Creation Windows Incorporated of the U.S. **Associated British Engineering** closed similarly dearer at 31½p following the preliminary results, while **Baker Perkins**, up 6 at 88p, reflected news of the $8m U.S. bakery machinery project. Other bright spots included **Haden**, 8 to the good at 190p, and **United Engineering**, 7 higher at 197p.

Bath & Portland good

Foods closed firmer for choice. Demand ahead of tomorrow's preliminary results lifted **Unigate** 4 to 99p. Among Retailers, **Amos Hinton** advanced 8 for a two-day gain of 12 to a 1980 peak of 184p on the chairman's statement.

Old Swan Hotel (Harrogate) improved 2 to 67p following the successful rights issue.

Inclined a few pence firmer initially, leading miscellaneous industrials drifted back in places and closed narrowly irregular on balance. Secondary issues were featured by **Bath and Portland**, up 7 at 60p, in response to the increased interim dividend and profits. **Rank Organisation** took a modest turn for the better at 158p, up 4, after 162p, following the previous day's reaction of 14 on the interim figures. **Bridport Gundry** improved 2½ to 22½p on completion of the company's major reorganisation, while the announcement that Industrial and Commercial Finance had sold 1,240,000 shares in **Braby Leslie** at just under 55p left the latter 4 dearer at 48p. **Friedland Doggart** rose 7 to 108p and **Barget** closed similarly dearer at 195p. **Alexander Russell** firmed 5 to 265p in response to the increased annual dividend and profits and proposed scrip issue, while **Western Board Mills**, still reflecting satisfactory preliminary results, hardened 2 more to 140p. Occasional support lifted **Beatson Clark** 4 to 156p and **Brady Industries A** 5 to 55p. Renewed speculative demand left **Ofrex** up 4 further at 107p.

Late support in front of today's interim statements lifted **Associated Newspapers** 8 to 236p, and **Daily Mail A** 13 to 433p. **News International** added a few pence to 115p.

Steady to firm conditions prevailed in Properties, **Land Securities** hardening 4 to 340p and **MEPC** 3 to 243p. Outside of the leaders, Press mention stimulated interest in **Federated Land**, which rose 6 to 132p, while **Daejan**, preliminary results due today, added 3 to 182p. **Regional A** came in for support and rose 4 to 156p. Against the trend, small selling in unwilling markets clipped 10 from **Thames Investments**, to 214p, and 8 from **Trust Securities**, to 358p.

British Petroleum partly-paid new shares opened higher at 152p, before drifting back to close unaltered on balance at 144p, while the Old finished 2 better at 298p, after opening at 302p. Conditions elsewhere in the Oil sector were rather quiet, but quotations were usually a little better, where altered. **Tricentrol** finished 4 up at 256p; it was announced yesterday that shareholders had approved the terms of the proposed demerger of the company's non-oil and gas activities at the extraordinary general meeting.

Inchcape, a depressed market of late, found support ahead of the annual results due on Thursday week and rose 13 to 395p. Elsewhere in Overseas Traders, **James Finlay** drew strength from favourable comment and added 4 to 145p, but **Nesco** eased 5 to 168p on further consideration of the preliminary results.

Financials often closed with useful rises. **Mercantile House** continued to reflect last week's pleasing results and capital proposals by jumping 35 more to 973p. **S. Pearson** rose 7 to 211p, while support was also forthcoming for **Britannia Arrow**, 4 up at 52p.

Tanks advance

Activity in mining markets remained at a low level. London-registered Financials were highlighted by **Tanks**, which jumped to 308p following heavy speculative demand prior to easing back to close a net 13 firmer at 295p. **Rio Tinto-Zinc** were finally 3 better at 528p, after 530p, but **Gold Fields** dipped 5 to 445p.

South African Golds continued to drift as the bullion price lost $13 at $401 an ounce.

Selling was by no means heavy and prices were generally marked lower in the absence of any worthwhile support. In the heavyweights, **Free State Geduld** dropped £1⅜ to £18¼, while falls of ¾ were common to **President Brand**, £18¼, and **St. Helena**, £17⅜.

President Steyn declined a further £1¼ to £15 following news of the recent riot at the mine; production has now been restored to previous levels.

Randfontein were marked down ⅛ to £22 ahead of the increased profits in the June quarter.

South African Financials held steady but "**Amcoal**" continued to improve and closed a further ¼ up at £15¼ following strong Johannesburg buying. **De Beers** edged up 2 to 383p.

Little interest was shown in Australians. **CRA** put on 6 more to 254p, **Hampton Areas** 4 to 202p and **North Broken Hill** 3 to 187p.

On the other hand, losses of 10 were common to **Peko-Wallsend**, 455p, and **Seltrust A**, 80p, while **Western Mining** dipped 6 to 295p and **Gold Mines of Kalgoorlie** 5 to 385p. In the speculatives, **Meekatharra** retreated 20 to 320p.

Elsewhere, shares of Ireland's **Silvermines** continued their revival and added 5 more to 95p.

FINANCIAL TIMES STOCK INDICES

	July 14	July 13	July 10	July 9	July 8	July 7	A year ago
Government Secs.	64.27	64.61	64.58	64.00	63.81	64.76	71.07
Fixed Interest	66.31	66.40	66.23	66.18	66.15	66.97	72.94
Industrial Ord.	531.9	532.1	524.6	519.0	522.4	529.5	499.8
Gold Mines	314.5	323.0	323.9	314.1	293.2	296.1	349.9
Ord. Div. Yield	5.98	5.98	6.07	6.18	6.11	6.03	7.28
Earnings, Yld. % (full)	11.52	11.52	12.09	12.35	12.37	12.11	17.63
P/E Ratio (net) (*)	10.87	10.87	10.32	10.09	10.16	10.29	6.85
Total bargains	18,096	18,036	19,673	18,915	18,846	20,358	26,358
Equity turnover £m.	—	100.13	149.73	133.83	138.67	128.27	140.24
Equity bargains	—	13,267	16,367	14,469	15,022	16,143	20,988

10 am 536.5. 11 am 533.8. Noon 533.3. 1 pm 532.0. 2 pm 532.0. 3 pm 531.3.

*Nil = 10.02.

Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	63.81 (8/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	66.15 (8/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 13	July 10
Daily Gilt Edged Bargains	196.2	205.6
Equities Bargains	86.0	99.6
Equities Value	202.4	302.6
5-day Avrge. Gilt Edged Bargains	186.2	178.6
Equities Bargains	96.2	99.3
Equities Value	259.7	265.5

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (57)

BRITISH FUNDS (3)
AMERICANS (7)
CANADIANS (7)
BANKS (2)
BUILDINGS (1)
CHEMICALS (1)
ELECTRICALS (2)
ENGINEERING (5)
FOODS (3)
INDUSTRIALS (5)
INSURANCE (1)
SHOES (1)
TEXTILES (2)
TRUSTS (10)
OVERSEAS TRADERS (2)
MINES (1)

NEW LOWS (26)

BRITISH FUNDS (1)
Treasury 15pc 1985
COMMONWEALTH LOANS (2)
NZ 7¼pc 1988-92 · NZ 7¼pc 1983-86
FOREIGN BONDS (1)
Chinese 5pc 1912
BANKS (1)
Midland 10¼pc '93-98
STORES (3)
Raybeck · Cantors 'A' · Time Products
ELECTRICALS (1)
Forward Technology
ENGINEERING (3)
Descutter · United Spring · RHP
FOODS (1)
Home Farm
INDUSTRIALS (1)
Gieves Group
SHIPPING (1)
Hunting Gibson
TEXTILES (2)
Snia Viscosa · Snia Viscosa Priv.
TRUSTS (3)
GT Global · Oil and Assoc. · M & G Dual Income
OIL AND GAS (2)
Applan Energy · Woodside
OVERSEAS TRADERS (2)
Paterson Zochonis · Do. 'A' N/V
MINES (2)
Seltrust · York Resources

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	5	77	13
Corpns. Dom and Foreign Bonds	3	14	50
Industrials	359	134	877
Financial and Props.	165	51	283
Oils	38	9	46
Plantations	3	1	19
Mines	28	60	79
Others	107	8	76
Totals	708	354	1,443

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Baker Perkins	88	+ 6	Hambro Life	405	+11
Bath & Portland	60	+ 7	Inchcape	395	+13
Commercial Union	178	+ 5	Magnet & Southerns	148	− 2
Costain	212	+10	Minet	134	+ 3
Eagle Star	308	− 2	Polly Peck	360	+ 7
Firth (G.M.)	98	+ 8½	Tanks Con.	295	+13

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Land Securities	15	336xc	+ 2	Pilkington	10	315	—
BP "New"	14	144	+ 4	British Land	9	96	+ 1
Shell Transport	14	368	+16	GEC	9	740	+10
Thorn EMI	12	426	+21	Grindlays Bk.	9	215	+10
Euro. Ferries	10	83	+ ½	Marks Spencer	9	127	+ 1
Firth (GM)	10	89½	+ 9½	Mercantile Hse.	9	938xd	+37½
Ofrex	10	103	+13	Ultramar	9	440	+10

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2
Aug. 3	Aug. 14	Nov. 5	Nov. 16

For rate indications see end of Share Information Service

Stocks favoured for the call included BP, NCC, Aran Energy, FNFC, Bath and Portland, Tricentrol, ICI, Rothmans, Celtic Haven, Carrington Viyella, James Finlay, Woodside Royal Bank of Scotland Pan Pacific Petroleum, Bula, Allied Plant, Commercial Union, Single and Fisons. No puts were reported. Doubles were arranged in BP, ICI and Clyde Petroleum.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., July 14, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. July 13 Index No.	Fri. July 10 Index No.	Thur. July 9 Index No.	Wed. July 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	350.47	+0.6	10.46	4.46	11.79	348.32	346.46	343.31	347.50	278.21
2	Building Materials (25)	301.81	+1.1	13.11	5.64	9.31	298.41	299.13	297.05	300.56	260.78
3	Contracting, Construction (28)	552.83	+0.8	17.17	5.12	6.77	548.32	543.55	538.23	549.09	409.26
4	Electricals (29)	1152.86	—	7.97	2.38	15.34	1152.68	1142.86	1128.96	1135.74	790.14
5	Engineering Contractors (11)	499.14	+1.8	11.94	5.40	10.09	490.20	487.64	486.03	497.12	329.20
6	Mechanical Engineering (69)	208.96	+0.9	12.71	5.72	9.89	207.15	206.48	204.48	207.25	182.94
8	Metals and Metal Forming (13)	147.83	+1.7	10.91	8.04	12.05	145.35	144.86	143.27	145.90	170.93
9	Motors (21)	98.70	−0.7	2.60	7.07	—	99.35	99.34	98.43	99.54	101.96
10	Other Industrial Materials (18)	375.29	+1.2	9.73	5.33	12.32	370.98	368.35	368.33	376.35	0.00
21	CONSUMER GROUP (195)	278.18	+0.3	12.52	5.74	9.82	277.46	274.26	271.93	273.76	238.28
22	Brewers and Distillers (20)	308.71	+0.1	14.85	6.25	8.01	308.26	303.50	302.41	300.75	302.27
25	Food Manufacturing (21)	258.85	+1.0	15.11	6.40	7.97	256.22	256.22	255.50	257.69	218.18
26	Food Retailing (14)	528.39	+0.5	9.32	3.36	12.79	525.51	517.81	515.58	523.48	333.01
27	Health and Household Products (7)	338.69	+0.6	8.13	4.32	14.65	336.65	333.68	331.59	332.40	233.73
29	Leisure (22)	432.76	+0.3	10.02	4.88	12.33	431.68	421.94	412.83	414.59	347.73
32	Newspapers, Publishing (12)	500.62	+0.7	12.43	5.98	11.44	497.05	494.91	488.89	490.67	442.08
33	Packaging and Paper (13)	144.34	−0.1	14.55	7.33	8.17	144.46	141.77	140.55	142.59	138.33
34	Stores (44)	256.36	−0.3	11.27	5.16	11.81	257.06	253.82	250.72	251.28	226.91
35	Textiles (23)	159.18	+0.5	7.04	5.76	20.75	158.33	156.48	156.13	157.45	140.49
36	Tobaccos (3)	251.30	−0.2	20.91	9.87	5.57	251.78	249.51	245.84	256.28	223.90
39	Other Consumer (16)	297.26	+0.8	5.47	6.39	34.58	294.90	294.36	295.03	298.32	0.00
41	OTHER GROUPS (79)	223.99	+0.6	13.30	6.76	9.17	222.65	222.17	222.52	222.76	227.14
42	Chemicals (15)	278.40	−0.2	11.68	7.46	10.71	279.04	275.13	274.56	278.67	322.47
44	Office Equipment (6)	110.35	+1.6	16.69	7.59	7.07	108.58	113.02	115.55	116.65	185.99
45	Shipping and Transport (13)	536.24	+0.3	16.46	7.08	7.13	534.69	534.68	538.43	544.68	597.57
46	Miscellaneous (45)	294.38	+1.4	13.13	5.67	9.32	290.34	290.28	289.80	293.25	277.67
49	INDUSTRIAL GROUP (488)	295.18	+0.4	11.84	5.38	10.39	293.90	291.54	289.36	291.70	252.92
51	Oils (12)	697.55	+0.5	24.02	8.23	4.62	694.29	675.00	653.38	659.05	807.34
59	500 SHARE INDEX	327.88	+0.4	13.88	5.86	8.59	326.36	322.65	318.94	321.55	296.87
61	FINANCIAL GROUP (118)	265.51	+0.2	—	5.51	—	265.09	263.65	259.18	261.89	238.12
62	Banks (6)	272.67	−1.1	33.62	6.65	3.47	275.75	273.57	266.84	270.49	236.39
63	Discount Houses (10)	278.38	+0.3	—	8.10	—	277.45	274.47	274.68	274.84	269.06
64	Hire Purchase (3)	244.35	−0.6	12.53	7.44	11.04	245.83	244.96	251.76	251.21	240.91
65	Insurance (Life) (10)	268.76	+0.5	—	5.63	—	267.29	266.79	263.87	265.49	229.21
66	Insurance (Composite) (9)	172.10	+0.3	—	7.40	—	171.52	173.10	172.09	172.75	155.44
67	Insurance Brokers (8)	395.65	+1.1	11.28	5.87	12.03	391.25	390.65	389.54	391.26	346.64
68	Merchant Banks (13)	172.12	+1.6	—	4.93	—	169.45	169.05	168.40	171.71	132.74
69	Property (49)	489.66	+0.5	3.77	2.83	36.40	487.44	478.88	464.82	471.43	428.78
70	Miscellaneous (10)	177.46	+0.5	18.19	5.79	6.69	176.53	175.61	173.58	175.86	139.42
71	Investment Trusts (109)	308.15	+0.6	—	5.12	—	306.43	305.64	303.67	309.30	258.33
81	Mining Finance (3)	247.03	−0.1	14.25	5.53	8.26	247.25	247.47	239.81	239.69	239.42
91	Overseas Traders (20)	431.50	+0.3	11.84	6.90	10.53	430.16	430.45	428.68	433.48	406.52
99	ALL-SHARE INDEX (750)	315.37	+0.4	—	5.76	—	314.18	311.51	307.37	310.20	282.71

FIXED INTEREST

	PRICE INDICES	Tues., July 14	Day's change %	Mon. July 13	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.21	−0.03	107.52	0.28	5.49
2	5-15 years	103.60	−0.58	104.20	—	6.38
3	Over 15 years	104.59	−0.59	105.22	—	7.78
4	Irredeemables	115.16	−0.47	115.71	—	7.43
5	All Stocks	104.81	−0.39	105.32	0.09	6.49
6	Debentures & Loans	81.15	−0.22	81.52	8.20	6.11
7	Preference	62.05	—	62.05	—	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Tues., July 14	Mon. July 13	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.56	12.50	11.41
2		15 years	13.26	13.16	11.37
3		25 years	13.48	13.38	11.37
4	Medium Coupons	5 years	14.74	14.66	12.89
5		15 years	15.24	15.12	12.81
6		25 years	14.81	14.71	12.74
7	High Coupons	5 years	14.79	14.69	12.97
8		15 years	15.42	15.31	13.19
9		25 years	15.02	14.94	13.10
10	Irredeemables†		12.84	12.77	11.08
11	Debs & Loans	5 years	15.87	15.78	13.72
12		15 years	15.95	15.91	13.71
13		25 years	15.95	15.92	13.70
14	Preference†		16.10	16.10	14.93

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£24⅛	+ ⅜	Q$1.40	—	3.0	—
§35	F.P.	22/7	37	28	AlliedResidential 10p	30	+ 1	b2.45	2.0	11.7	6.3
—	F.P.	—	140	137	Bonusbond	138	+ 1	—	—	—	—
Ir£0.50	F.P.	19/6	40	26	✠Bula Resources	35	+ 1	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	86	......	b3.7	2.2	6.2	8.7
‖ ‖	F.P.	—	25	19	††Energy Sources	19	......	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6	......	—	—	—	—
§10	F.P.	—	22	17	✠ICC Oil services	22	+ 1	—	—	—	38.6
72	F.P.	—	62	62	Jackson Exploration	62	+ 1	Q1.5c	—	1.8	—
95	Nil	7/8	85	69	KCA Drilling	70	+ 1	b3.75	1.7	7.7	9.0
140	F.P.	—	207	194	Memec 10p	205	......	b30	2.3	2.1	25.4
$12	F.P.	—	640	535	Mexico Fund	545	+ 10	—	—	—	—
§51	F.P.	20/7	69	61	✠Micro Repro.	65	......	b2.6	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	99	......	—	—	—	—
‡44	F.P.	30/6	58	40	✠Sciec tv	41	+ 1	—	—	—	—
§85	F.P.	17/7	90	80	✠Stanelco	83	......	—	—	—	25.9
§155	F.P.	3/8	205	190	✠Star Computer	200	......	2.0	4.3	1.4	20.8
§90	F.P.	31/7	98	92	✠Trident Comp.Serv.	98	......	bd1.5	4.0	2.2	16.4
§80	F.P.	14/7	91	85	✠UnitedCeramicDist	88	......	b4.2	1.9	6.8	10.1
100	Nil	15/7	104	98	Utd. Comp. & Techgy	98	......	—	—	—	—
§88	F.P.	31/7	98	89	✠Zygal Dynamics	95	......	u0.75	6.5	1.1	14.9

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price	+ or −
—	F.P.	6/7	110	105	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	104	......
¶¶	F.P.	26/6	33p	16p	BPC 7.76% Non. Cum. Prf.	33p	+ ½
99.87	F.P.	16/7	99	96¼	Finland 14½% Ln. 1986	96	− ¼
98½	£25	—	25¾	25	Inco 15¾% Uns. Ln. 2006	25¼	− ¼
¶97	F.P.	—	10	9	Mid-Kent Water 9% Red. Prf. 1987	97	......
¶100	F.P.	28/8	98½	97	Mid-Southern Wat. 9% Red. Pref. '86	97	......
‖	Nil	17/7	4½pm	1pm	Mount Charlotte 9½% Cnv. Ln. 1995-2000	½pm	......
99	F.P.	27/8	99	91	Newcastle Water 7¾% Red. Pref. 1986	91	......
100‖	Nil	25/7	9pm	1pm	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	3pm	+ ⅛
¶98	F.P.	28/8	92½	79½	Sunderland&S.S.Water 8% Red. Prf. '87	91½	......

"RIGHTS" OFFERS

Issue Price p‡	Amount paid up	Latest Renunc. Date ●	■	1981 High	1981 Low	Stock	Closing price p‡	+ or −
190	F.P.	6/7	4/9	246	222	AGB	246	+ 9
22	Nil	—	—	2pm	1½pm	A.I.D.	2pm	......
45	Nil	23/7	28/8	9pm	5pm	Brongreen	5½pm	+ ½
275	125p	15/7	2/12	171	150	B.P.	144	......
165	F.P.	3/7	7/8	191	178	Crouch (D.)	180	......
375	Nil	10/7	73/8	410½	400	English Association	402	......
38	F.P.	6/7	7/8	87	76	Euro Ferries	85	+ 2
55	F.P.	12/6	11/8	68	63½	Fine Art	65	......
285	F.P.	13/7	10/8	380	339	Flight Refuelling	363	+ 8
90	F.P.	10/7	21/8	132	121½	Geers Gross	125	......
250	F.P.	17/6	24/7	346	269	G.R.E.	330	+ 4
HK$12	HK$8	—	—	109	66	Hong Kong & Shanghai Bk.	106	......
205	F.P.	8/6	24/7	270	247	Horizon Travel	252	+ 3
315	F.P.	26/6	7/8	343	327	Lyle Shipping	327	......
70	F.P.	17/6	24/7	84	72	Northern Engineering	84	+ 3
60	F.P.	9/7	12/8	73pm	65pm	Old Swan Hotel (H'gate)	66pm	+ 1
60	F.P.	26/6	7/8	69	62	Second City Props	66½	− ½
6	P.P.	6/5	21/9	11½	6½	Sterling Credit	9½	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* 9.41 9.83 3.56
Clive Gilt Fd. (C.I.) 8.21 8.58 15.38
*Prices on July 9. Next dealing July 16.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 245.0 266.5 —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$1.05 — −0.38 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 89.9 90.0 15.00
Valued weekly Wednesday.

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
125	40	Hill (Chas.) £1	120	—	♦—	—	—	—
37	16	Hirst Mat'son 20p	32	—	♦0.1	—	0.4	—
105	86	Holden (A.)	102xd	—	5.0	♦	7.0	♦
47	24	Hollis Bros	32	−1	‡1.4	—	‡	—
77	55	Holt Lloyd Int. 10p	64	—	3.17	1.5	7.1	12.2
163	110	Hoover 'A'	125	—	6.0	—	6.9	—
78	39	Hoskins & H 20p	74	+4	2.0	—	3.9	—
69	48	Howard Tenens	63	—	‡2.28	2.0	‡	11.6
420	250	Hunting Assoc.	350	+18	5.0	5.8	2.0	8.8
160	112	Huntleigh 10p	125	+5	1.5	3.8	1.7	15.6
221	120	Hutch Whamp $HK1	221	+10	Q32c	♦	1.3	♦
15	11½	Hyman (I. & J.) 5p	14	+2½	0.83	3.9	8.4	3.4
£20½	£12¾	I.C. Industries$1	£19½	+⅝	Q$2.20	—	5.8	—
78	28	ICL	31	+1	‡2.97	—	‡	—
44	35	Ingall Inds. 10p	38	—	t2.5	1.6	9.4	10.5
241	128	Initial Services	215	+3	7.5	2.3	5.0	10.6
23	9	Inter-City 20p	17	—	—	—	—	—
78	39	J. B. Holdings 10p	70	—	3.0	4.9	6.1	4.5
192	110	Jacksons Bourne	180xd	—	5.0	♦	4.0	♦
26½	12	James (M.) Inds. 20p	22	+½	1.0	3.3	6.5	5.2
248	147	Jardine M. $HK5	240	+4	Q88c	2.0	3.4	14.9
25½	16¼	Jentique	18	—	‡1.03	—	‡	—
10	6½	Johnson & Barnes	7#	—	—	—	—	—
249	152	Johnson Clears.	242	+1	7.0	3.4	4.2	7.9
285	186	Johnson Mthy. £1	245	+2	9.5	2.3	5.5	(9.0)
92	75	Jourdan (T.) 10p	86	—	5.25	1.8	8.7	8.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net
262	194	Refuge 5p	246	−2	12.[illegible]
400	332	Royal	365	−7	24.[illegible]
144	104	Sedgwick 10p	135	+3	[illegible]
101	79	Stenhouse	92	—	4.[illegible]
241	180	Stewart Wr. 20p	215	−2	12[illegible]
929	688	Sun Alliance £1	886	−2	33[illegible]
318	233	Sun Life 5p	316	−2	[illegible]
758	543	Taisho Mar. EDR	698	−2	[illegible]
208	185	Trade Indemnity	195	—	[illegible]
£27½	£15⅝	Travelers $2.50	£25½	+⅝	[illegible]
365	257	Willis Faber	360	—	12[illegible]

LEISURE

1981 High	Low	Stock	Price	+ or −
93	72	Anglia TV 'A'	83	—
148	116	Assoc. Leisure 5p	121	—
84½	61	Barr & W.A.T. 'A'	76	—
65	30	Black Edgtn. 50p	64	+2
192	121	Boosey & Hawkes	170	—
56	44	Campari Int. 20p	45	+1
60	40	Fairline Boats 10p	40	—
58	29	Glasgow Pavilion 10p	37	—
46	38	Grampian TV A 10p	38	−1
103	74	HTV Non/Vtg.	75	—
104	72	Hawley Leisure	73	+1
270	117	Horizon	253	+2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	152	—	—	—	—
55	40	Barymin	50	+1	—	—	—
25½	14	Burma Mines 10p	19	—	0.75	0.9	5.6
330	180	Colby Res. Corp.	270	+5	—	—	—
275	200	Cons. Murch. 10c.	230	—	tQ30c	1.8	7.5
98	58	††Hemerdon 10c.	58	—	—	—	—
180	135	Highwood Res.	160	—	—	—	—
400	300	Northgate C$1	340	—	—	—	—
580	372	R.T.Z.	528	+3	16.0	3.2	f7.9
£125	£93½	Do.9½%Cv.Ln.La.'95-2000	£120	+2	Q9½%	—	f8.2
*51	32	††SPO Minerals 10p	32	—	—	—	—
47	27	Sabina Inds. C$1	28	−1	—	—	—
44	28	††SWCM 10p	36	—	—	—	—
555	465	Tara Expln. $1	550	—	—	—	—

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ǁ No par value.

Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	44	+1	Conv. 9% '80/82	£91⅞	—
Bertam	11	−½	Nat. 9¾% 84/89	£69⅝	—
Bdg'wtr. Est. 50p	475	—	Fin. 13% 97/02	£80¼	+⅞
Craig & Rose £1	£12½	—	Alliance Gas	69	—
Finlay Pkg. 5p	21	—	Arnott	235	—
Graig Ship. £1	£20½	—	Carroll (P.J.)	85	—
Higsons Brew.	70	—	Concrete Prods.	95	—
Holt (Jos) 25p	485	—	Heiton (Hldgs.)	29	−1
I.O.M. Stm. £1	158	—	Ins. Corp.	400	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OPTIONS

3-month Call Rates

Industrials				Property	
[illegible]				[illegible]	
Brown (J.)	[illegible]	Midland Bank	26	Oils	
Burton Ord.	14	N.E.I.	8	Brit. Petroleum	33
Cadburys	7½	Nat. West. Bank	32	Burmah Oil	16
Courtaulds	7	P & O Dfd.	12	Charterhall	8
Debenhams	10	Plessey	28	KCA	22
Distillers	17	Racal Elect.	34	Premier	7½
Dunlop	8½	R.H.M.	5	Shell	32
Eagle Star	25	Rank Org. Ord.	18	Tricentrol	30
F.N.F.C.	3	Reed Intnl.	25	Ultramar	44
Gen. Accident	30	Sears	5		
Gen. Electric	68	Tesco	5½		
Glaxo	28	Thorn EMI	30	Mines	
Grand Met.	18	Trust Houses	15	Charter Cons.	21
G.U.S. 'A'	44	Tube Invest.	18	Cons. Gold	45
Guardian	30	Turner & Newall	10	Lonrho	9
G.K.N.	15	Unilever	50	Rio T. Zinc	45
Hawker Sidd.	25				

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday July 15 1981

UK oil producers to cut output

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil operators are about to apply the brake on UK production as a result of slack demand, maintenance requirements and reservoir problems.

During the next few months several fields will be shut so that production platforms can be inspected and repaired. At least one major operator—British Petroleum—has been given Government consent to lower production rates in the light of slack market conditions.

The moves are likely to slow the expected growth in Britain's oil production. In the first five months of this year North Sea output totalled 36.5m tonnes, the equivalent of 1.75m barrels a day and 9.3 per cent above the rate of January-May last year.

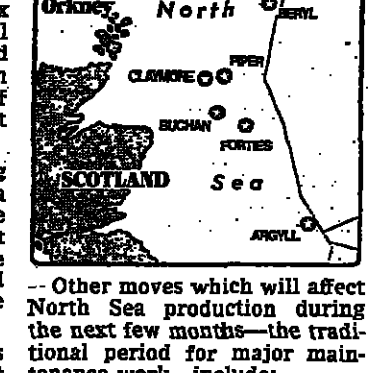
UK oil consumption in the same period was 31.6m tonnes, 13.6 per cent down on a year before.

The Energy Department is likely to be unperturbed about production cuts in a number of fields this summer. It is already working on depletion measures which, in the next few years, could hold output close to the UK's oil self-sufficiency level, but the Treasury may become concerned at a further drop in expected revenues.

Even before the latest moves, North Sea output—and thus tax revenues—were falling well below previously expected levels. Now summer production could be tens of thousands of barrels a day below forecast levels.

BP, for instance, is planning to produce **Forties Field** oil at a rate of 408,000 b/d during the next three months—6.2 per cent below the level of the past three months and over 90,000 b/d below the capacity of the reservoir.

The company, which has repeatedly complained about the high rate of tax charged on Forties output, has taken the decision partly because of depressed demand but also as a result of rising production from its new **Buchan Field** which is now yielding 45,000 b/d.



Other moves which will affect North Sea production during the next few months—the traditional period for major maintenance work—include:

● British National Oil Corporation's **Thistle Field**, now producing 115,000 b/d, will be shut down between next Sunday and August 1 for painting and routine overhaul work.

● Hamilton Brothers' **Argyll Field**, at present yielding 20,000 b/d, will be shut down between the end of this month and September 1.

● Shell/Esso's **Cormorant Field** has been out of action since April 26 and will remain closed until at least the end of September. Work is being carried out on gas handling facilities, oil metering equipment, heating and ventilation systems, production hardware and living quarters.

● Chevron's **Ninian Field** output is now averaging 295,000 b/d, some 5,000 b/d less than the optimum level agreed with the Energy Department as a result of geological and water injection problems.

● Conoco's **Murchison Field** average production is now not expected to rise much above the present level of 90,000-92,000 b/d. A lower estimate of peak output followed a reappraisal of Murchison reservoir.

● Occidental's **Piper Field** continues to yield 200,000 b/d, almost 75,000 b/d less than the peak achieved in 1979.

U.S. rethinks energy conservation policies

BY DAVID BUCHAN IN WASHINGTON

ENFORCED energy conservation and "indiscriminate subsidies" to develop costly substitutes for imported oil are rejected in the latest draft U.S. National Energy Plan marking a significant reversal in U.S. energy policies.

The draft plan, which is required by Congress every two years, says that U.S. energy policy in discouraging oil imports under the Carter Administration, was not in the country's best interest.

The plan approved by Mr James Edwards, the Energy Secretary, is expected to be sent to Capitol Hill as early as this week. U.S. Energy Department officials said yesterday the thrust of the latest plan—the third in six years—was the "free market" philosophy underpinning the Reagan energy policy.

The plan seeks to avoid precise goals and targets sought by previous U.S. administrations, they said.

The administration statement contains some predictions however. In particular, it suggests that U.S. oil production will decline slightly during the 1980s.

It forecasts oil production, as well as that of natural gas liquids, will drop from the present 10m barrels a day to 9.5m b/d by 1985 and 9m b/d in 1990, only recovering to present levels by the end of the century.

This prediction cuts across President Reagan's frequent claims that production would surge once the government restored price incentives to the market.

The recovery to present production levels will come from oil and gas liquids made from oil shale, officials said. Thus, the effect of de-controlling domestic crude oil prices (undertaken by President Carter) and petrol prices (by President Reagan this spring) is simply to slow down the decline in conventional oil production.

A record number of oil rigs are now in operation, spurred on by the higher prices without government controls. "But" one energy official said yesterday, "It's pretty tough just to stay in place," with domestic production.

Oil imports have so far this year averaged 5.8m barrels a day, 21 per cent down on 1980 levels and in the past four weeks 32 per cent lower, officials said. The energy plan forecasts that imports will sink below 5m b/d by 1990, and to 1.5m b/d by the year 2000.

Despite this optimistic import trend, the Reagan Administration believes that "a low level of U.S. oil imports at any cost is not a proper criterion for the nation's energy security and economic health," according to the energy plan.

Reagan policy-makers feel that Mr Carter made an artificial fetish of keeping imports low at the price of publicly financing domestic oil alternatives. The Reagan approach may stir some controversy with U.S. partners abroad, which in the late 1970s repeatedly urged the U.S. to curb its appetite for foreign oil.

However, since then, conditions are much changed, with a strong dollar and a weak world oil market.

The plan, in its draft form, makes no recommendation for swifter de-control of U.S. natural gas prices, as urged by European fibre companies to remove this feedstock cost advantage of their U.S. rivals.

Directors may face tax on 'free' petrol

By Eric Short

DIRECTORS AND other higher-paid employees who receive free petrol for private use from their company may pay up to £27 a month more in tax under Government proposals to tax this employee benefit.

Moves to tax free petrol given to directors and higher-paid employees were announced by Sir Geoffrey Howe, Chancellor of the Exchequer, in his Budget statement.

Since then the Inland Revenue has consulted all interested parties on the method of taxation. Now it has published its system, incorporated in the Finance Bill.

The method chosen is to fix a scale charge based on engine size on similar lines to the method used to tax the company car.

For engine size up to and including 1,300 cc, the charge is £270 a year; above 1,300 and up to 1,800 cc it is £360; and for engines higher than 1,800 cc it is £540.

These charges will be added to the other benefits and treated as salary for PAYE tax purposes.

The charges are reduced by half if the employee does at least 18,000 miles on business in a financial year. If the employee has to reimburse cost of all petrol provided by the company used for private purposes, the charge is cancelled.

The system comes into force next April, coinciding with the new method of taxing company car benefit.

This is now deducted direct under PAYE instead of having the individual's tax code adjusted as at present. This change has aroused severe criticism from the accountancy profession.

EEC seeks 5 years to adjust to Third World textile imports

BY BRIJ KHINDARIA IN GENEVA

THE EEC has told developing countries that it cannot allow automatic growth in imports from them of low-cost textiles and clothing, and that it needs a five-year period to allow its domestic producers to adjust to competition from the Third World.

A group of 27 Third World nations sought a clear-cut and "objective" set of criteria to determine when their imports injure or disrupt an industrialised country's markets.

The two positions emerged at yesterday's opening round of talks to discuss the renewal of the Multifibre Arrangement (MFA), which regulates world trade in textiles and clothing. The EEC and Third World position papers were the first to be presented at the meeting of the textiles committee of the General Agreement on Tariffs and Trade (Gatt).

Mr Horst Krenzler, of the Community's executive commission, in amplifying the EEC position said that fraud in textile trade—such as re-export of products made in developing countries from other countries to hide their origin—would be dealt with severely. The Community would cut import quotas from the country of origin to make up for products received through third countries.

The wealthier developing countries will also be expected to open up their markets to Community-made products and will not be allowed to hide behind high tariff walls on the pretext that they have serious balance of payments or other problems.

Imports into the EEC had to be curbed, and their growth rate kept to within the 1 per cent yearly growth in Community demand for textiles and clothing. This would have to continue for at least five years to give EEC producers time to rebuild themselves, Mr Krenzler said.

Imports from developing countries have risen quickly since last year and now account for more than two-thirds of all textile and clothing imports into the EEC.

Non-EEC clothing and textile imports comprise 44 per cent of the entire Community market.

The Community is considering the total amount of low-cost imports it can afford to take without harming recovery prospects for its own industry. In the light of that volume, overall quotas will be set for each category of products and then distributed among developing nation suppliers.

Distribution would be arranged to provide better access than before for the poorest countries.

Continued from Page 1

House sales

second time in 12 months that a Commons committee has heavily criticised Mr Heseltine for providing what has been claimed to be inadequate information on the likely impact of the Government's housing policies.

The latest report says that statements made in the Commons that council house sales would have only a "minimal" effect on the availability of homes for re-letting were incorrect. "The House was thus given information that was less than accurate," it says.

The Government's assumption that it could be 30 to 40 years before any material impact would be felt in the re-letting market was based on the false premise that the bulk of tenants buying would be unlikely to move anyway—even if they did not buy their homes.

The committee estimates that over 30 years about 78,000 homes would be lost for potential re-letting for every 100,000 sold.

Second Report from the Environment Committee 1980-1981: Council House Sales; SO; £5.70.

Continued from Page 1

Vauxhall

commercial vehicle situation as "a disaster."

"Until sterling comes down further, particularly against the yen and Deutschemark, we are still going to struggle to be competitive."

A less gloomy picture was painted of the car market. Vauxhall believes the depression in cars has bottomed out, but that any upturn will be slow in coming.

Vauxhall is in process of combining its UK car marketing operations with its sister company Opel of West Germany.

Pan Am plans to cut services by 10%

BY PAUL BETTS IN NEW YORK

PAN AMERICAN WORLD AIRWAYS, the second-largest U.S. airline, is planning to cut its U.S. and international services by 10 per cent in a sweeping operation designed to bring the airline back to profitability by the end of next year.

The airline has recently been bedevilled by huge losses, declining passenger traffic and senior management turmoil.

The restructuring of services will also lead to a 10 per cent cut in the airline's workforce of 33,000 people. The moves were announced by Mr William Waltrip, President of Pan Am's recently formed airline division.

Pan Am last week reorganised its activities into three autonomous divisions covering airline operations, hotels and special aviation services.

Although the restructuring of the airline's routes was a main component of the programme, it would not provide the total solution to the airline's problems, Mr Waltrip said yesterday.

Pan Am had an operating loss of $126.9m last year which was offset by the company's sale of its Manhattan headquarters building. In the first quarter of this year, the airline reported a record loss of $114.5m.

Mr Waltrip said the new route structure was largely designed to safeguard Pam Am's so-called trade routes involving services to the UK, Germany, France and Italy, as well as to Japan and Latin America, and its transcontinental services in the U.S. linking New York, Washington and Miami with Los Angeles and San Francisco.

Mr Waltrip said domestic services will be reduced by 12-13 per cent—the biggest share of the cuts.

The fundamental strategy will be to concentrate on routes which will capitalise on Pan Am's traditional strengths, maintain the airline's international image and develop U.S. domestic feed services to the international operations which now account for about 60-70 per cent of Pan Am's passenger business.

The company plans to scrap loss-making services to Turkey and Poland.

Mr Waltrip said negotiations had already begun with Pan Am unions. He indicated that labour costs must be reduced.

The programme, he claimed, could bring Pan Am back to profitability by the second half of next year. In the meantime, Pan Am was negotiating new bank loans to tide it over this winter, when operating results are still expected to be disappointing.

Italian trade gap at record £1.3bn

By James Buxton in Rome

ITALY had a record trade deficit of L2,872bn (£1.3bn) in May, reflecting the influence of the rise in the dollar's value on the country's large oil import bill and Italy's weak industrial export performance.

The deficit was announced as Sig Giovanni Spadolini, the Prime Minister, held a meeting of his economic Ministers to discuss plans for dealing with the country's serious economic crisis. Inflation is running at 20 per cent a year and the Government's budget deficit is way above target.

Yesterday, however, the Milan Stock Exchange, where trading was suspended for three days last week because of the weight of selling, finally turned round.

Share prices went up 4.5 per cent, according to the provisional index. New Government measures to encourage the banks to sustain the market came into effect on Monday.

The record trade deficit covers the last month before implementation of Italy's latest import deposit scheme. It requires an importer of anything except crude oil and grain to make a deposit with the Central Bank equivalent to 30 per cent of the value of his order, returnable after three months.

The scheme will last until September 30. A key objective of its introduction was to restrain domestic credit growth.

So far, the cumulative trade deficit in the first five months of this year is L10,116bn, compared with L6,782bn for the same period of 1980. May imports were L9,064bn and exports L6,192bn.

Yesterday's meeting of ministers concentrated on proposals which it hopes to discuss later this week with trade union leaders in a bid to reach a form of social contract to help combat inflation. The Italian Government wants to agree with unions and employers on a ceiling for inflation in the coming year which all sides would work to achieve.

The deal would include a suspension, in part at least, of the country's wage indexation system. This system is partly responsible for Italy's high wage costs and has been heavily criticised by the EEC Commission, the OECD and the IMF.

Signor Spadolini has said that he is determined to cut government spending to bring the budget deficit back to the L37,500bn originally projected for thi year.

Weather

UK TODAY

Cloudy, with a little rain. Sunny intervals in N.E. England and Eastern Scotland.

London, E. England, Midlands, C.N. England
Cloudy, some rain at first, bright intervals developing. Max. 18-20C.

S. England, Channel I., S. Wales
Cloudy, occasional rain or drizzle. Max. 17-20C.

N. Wales, N.W. England, Lake District, IoM
Cloudy, mostly dry. Max. 16-18C.

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Central Highlands, Moray Firth
Sunny intervals. Max. 17-20C.

S.W., N.E. and N.W. Scotland, Argyll, Orkney, Shetland
Cloudy, light showers. Max. 12-15C.

Outlook: Sunny intervals and scattered showers, especially in north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†		—	—
Algiers	S	27	81	Luxmbg.	C	18	64
Amsdm.	F	18	64	Luxor	S	43	109
Athens	F	29	84	Madrid	S	30	86
Bahrain	S	36	97	Majorca	F	28	82
Barclna.	F	27	81	Malaga	S	28	82
Beirut		—	—	Malta	F	27	81
Belfast	C	15	59	Mchstr.	C	15	59
Belgrd.	F	26	79	Melbne.	C	11	52
Berlin	F	22	72	Mx. C.†		—	—
Biarritz	C	19	66	Miami†		—	—
Bmghm.	C	18	64	Milan	F	25	77
Blackp'l	R	15	59	Montr'l†	C	16	61
Bordx.	C	22	72	Moscow	S	30	86
Boulgn.	C	18	64	Munich	C	19	66
Bristol	C	18	64	Nairobi	C	22	72
Brussels	C	19	66	Naples	F	27	81
Budpst.	S	27	81	Nassau		—	—
Cairo	S	36	97	Nwcstl.	C	17	63
Cardiff	C	18	64	N. York†		—	—
Casbca.	S	25	77	Nice	S	27	81
Cape T	S	15	59	Nicosia		—	—
Chicg.†		—	—	Oporto	S	32	90
Cologne	C	20	68	Oslo	R	18	64
Cpnhgn.	C	17	63	Paris	C	23	73
Corfu	S	29	84	Perth	C	18	64
Denver†	F	18	64	Prague	C	20	68
Dublin	C	14	57	Rykjvk.	C	12	54
Dbrvnk.	F	27	81	Rhodes	S	29	84
Ednbgh.	F	17	63	Rio J'o†		—	—
Faro	S	32	90	Rome	S	27	81
Florence	F	29	84	Salzb'rg	C	16	61
Frankf't	C	21	70	S'cisco†	S	12	54
Funchal	S	24	75	S. Mrtz.		—	—
Geneva	F	20	68	Singapr.		—	—
Gibrltr.	S	25	77	S'tiago†		—	—
Glasg'w	C	16	61	Stckhm.	F	18	64
G'rnsey	S	17	63	Strasb'g	C	21	70
Helsinki	F	19	66	Sydney	F	15	59
H. Kong	F	30	86	Tangier	S	[illegible]	[illegible]
Innsbr'k	C	18	64	Tel Aviv	S	[illegible]	[illegible]
Invrnss.	C	16	61	Tenerife	S	[illegible]	[illegible]
I.o.Man		—	—	Tokyo	C	[illegible]	[illegible]
Istanbul		—	—	T'r'n'to†	S	19	[illegible]
Jersey	F	18	64	Tunis	F	[illegible]	[illegible]
Jo'burg	S	17	63	Valencia	S	[illegible]	[illegible]
L. Plms.	S	24	75	Venice	S	[illegible]	[illegible]
Lisbon	S	33	91	Vienna	C	19	[illegible]
Locarno	S	25	77	Warsaw	[illegible]	19	[illegible]
London	C	19	66	Zurich	C	19	[illegible]

C—Cloudy. F—Fair. Fg—Fog. H—Hail. Sl—Sleet. Sn—Snow. T—Thunder. †Noon GMT temperature.

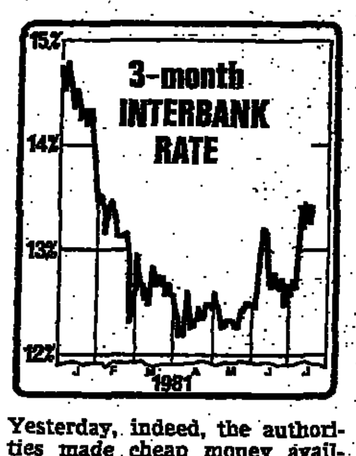
THE LEX COLUMN

Trusting to luck with sterling

Day two of the big count at BP—and cautious optimism still seems to be the underwriters' watch word. The market seems to be saying that that roughly half the Government's shares have been taken up by other shareholders along with maybe four-fifths of the basic rights issue. And although that would still imply a very substantial placing on Thursday morning, such an operation looks feasible with the Ordinary standing 5p above the Government's underwritten price at 298p.

The shares were actually over 300p at one point yesterday. But then the weakness of sterling washed its way through equities and, more noticeably, the bond market.

Index fell 0.2 to 531.9



Interest rates

Early last week the Bank of England hoisted one of its majestic signals to let the world know that it would not stand idly by while sterling fell. The signal was purely symbolic in nature—essentially, a couple of discount houses were fined half a crown pour encourager les autres—but it had the same effect as substantial foreign exchange market intervention. Sterling rallied, and interbank rates in all but the very shortest dates moved a step higher.

For a couple of days the Bank was able to have things all its own way. The pound enjoyed the protection of higher interest rates without any serious domestic repercussions. Bank base rates were left way out of line with money market rates, but so long as overnight money is cheap and companies are not actually drawing on their overdrafts to re-lend in the interbank market, the pressure on the clearers to raise rates unilaterally is more than offset by the political disadvantages.

More recently, the Bank has given another signal, of a less traditional sort. By accepting very low bids for its second issue of index-linked stock, it showed that it was extremely eager to fund, and quite prepared to knock the gilt-edged market on the head in order to do so. Sterling, meanwhile, has begun to slip again, so that it is now somewhat below the levels at which the Bank gave its warning to the markets last week.

So far the warning has been followed up by nothing more exciting than a £100m increase in next week's issue of Treasury bills which is not going to tighten the money markets significantly when there is £4bn or so of unpaid tax on deposit.

Yesterday, indeed, the authorities made cheap money available to the discount market by buying bills from the houses at 12¼ per cent or less.

This sort of money market operation, which is almost an invitation to go short of the pound, can only be explained by the official unwillingness to see bank base rates go the same way as three-month interbank and 25-year bond yields. Even if higher rates could be blamed on the civil servants, they are hardly an attractive option when output is still falling and there is rioting in the streets.

But hanging on in the hope that U.S. rates will fall steeply is a desperately passive sort of policy. If sterling goes down much further, last week's signal implies either heavy foreign exchange intervention or a call for special deposits: either course would tighten the short money markets significantly. Of course the Government may be lucky, and sterling may fall no further. But it has become a matter of luck.

Magnet & Southerns

Magnet and Southerns continues to walk on water. In the year to March its profits fell by only 12½ per cent to £22.6m pre-tax, after a decline of about 20 per cent in demand throughout the timber industry and a drop in price levels of much the same proportion. With big stock write-downs commonplace, most of the other major companies in the sector are in loss. At Montague L Meyer a £19m pre-tax profit has turned into a loss of £2.7m, while International Timber has produced a loss of £½m (ex-asset disposals) against an £8.4m profit. Mallinson-Denny, meanwhile, is likely to have been hit harder than most companies, since it has a fixed contract with a big Russian sawmill.

Magnet's timber trading arm—Southern-Evans—has seen a decline in profits of a comparatively modest 33 per cent, helped by its lack of exposure to Russian softwood, while the drop in the manufacturing business has been held to a mere 4 per cent in spite of a volume drop of one tenth.

Industry stocks are now more or less in balance and, under the influence of weaker sterling, prices are now beginning to harden. So Southerns-Evans should show some improvement—along with the industry as a whole this year—although Magnet's manufacturing side will remain under pressure as demand continues to fall away, and a further small decline is likely in group profits. But the group is strengthening its market position and is likely to move ahead rapidly in the upturn. The quality is now reflected in the rating, with the shares, down 2p yesterday at 148p, yielding a well-covered 4.9 per cent.

Building societies

The Huddersfield & Bradford Building Society, which has just raised a £25m medium-term loan, is the fourth building society to come to the money markets. Together they have raised close to £100m but the societies are still only nibbling at the edges.

None of the big five building societies — Halifax, Abbey National, Nationwide, Leeds Permanent and Woolwich—has yet made a move.

When they do, the banks will need to sit up and take note, for the big societies sem intent on developing their own inter-building society money market and setting up group deposit offices just like the banks.

The experience of the four medium-sized societies which have tapped the wholesale money markets to date may not be a good guide to the way the industry majors plan to approach the markets.

The Alliance Building Society has pioneered a yearling bond which is doing reasonably well and the other three have all relied on syndicated credits. The prospect of building societies issuing certificates of deposit is still taken seriously but the big change is likely to come from the industry majors which now rank on a par with the smallest of the big four clearing banks. They seem likely to begin entering the money markets, probably before the end of this year, and taking deposits in their own name.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
V G H